WESTERN DIGITAL CORP
Form DEF 14A
September 27, 2012
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SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934 (Amendment No.)

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

WESTERN DIGITAL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ Fee not required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Dear Stockholder:

We cordially invite you to attend our Annual Meeting of Stockholders to be held at 3333 Michelson Drive, Irvine, California 92612 on Thursday, November 8, 2012 at 8:00 a.m., local time. Our Board of Directors and management look forward to welcoming you there.

We are holding the Annual Meeting for the following purposes:

1. To elect twelve directors to serve until our next annual meeting of stockholders and until their successors are duly elected and qualified;

2. To approve an amendment and restatement of our 2004 Performance Incentive Plan that would, among other things, increase by 11,500,000 the number of shares of our common stock available for issuance under the plan;

3. To approve an amendment and restatement of our 2005 Employee Stock Purchase Plan that would, among other things, increase by 8,000,000 the number of shares of our common stock available for issuance under the plan;

4. To approve on an advisory basis the named executive officer compensation in this Proxy Statement;

5. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending June 28, 2013; and

6. To transact such other business as may properly come before the Annual Meeting or any postponement or adjournment of the meeting.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE:

FOR ELECTION OF EACH OF THE TWELVE DIRECTOR NOMINEES NAMED IN PROPOSAL 1,

FOR PROPOSAL 2 TO APPROVE AN AMENDMENT AND RESTATEMENT OF OUR 2004 PERFORMANCE INCENTIVE PLAN,

FOR PROPOSAL 3 TO APPROVE AN AMENDMENT AND RESTATEMENT OF OUR 2005 EMPLOYEE STOCK PURCHASE PLAN,

FOR PROPOSAL 4 TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AND

FOR PROPOSAL 5 TO RATIFY THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

Whether or not you are able to attend the meeting, it is important that your shares be represented, no matter how many shares you own. You may submit your proxy over the Internet or (if you receive a printed copy of the proxy materials) by telephone or by marking, signing, dating and mailing a proxy or voting instruction form in the pre-addressed return envelope provided. We urge you to promptly submit your proxy or voting instructions in order to ensure your representation and the presence of a quorum at the Annual Meeting.

On behalf of the Board of Directors, thank you for your continued support.

THOMAS E. PARDUN
Chairman of the Board
September 27, 2012

JOHN F. COYNE
Chief Executive Officer

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3355 Michelson Drive, Suite 100

Irvine, California 92612

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On November 8, 2012

To the Stockholders of

WESTERN DIGITAL CORPORATION:

Our 2012 Annual Meeting of Stockholders will be held at 3333 Michelson Drive, Irvine, California 92612 on Thursday, November 8, 2012 at 8:00 a.m., local time, for the following purposes:

1. To elect the twelve director nominees named in the attached Proxy Statement to serve until our next annual meeting of stockholders and until their successors are duly elected and qualified;

2. To approve an amendment and restatement of our 2004 Performance Incentive Plan that would, among other things, increase by 11,500,000 the number of shares of our common stock available for issuance under the plan;

3. To approve an amendment and restatement of our 2005 Employee Stock Purchase Plan that would, among other things, increase by 8,000,000 the number of shares of our common stock available for issuance under the plan;

4. To approve on an advisory basis the named executive officer compensation disclosed in this Proxy Statement;

5. To ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending June 28, 2013; and

6. To transact such other business as may properly come before the Annual Meeting or any postponement or adjournment of the meeting.

Any action on the items described above may be considered at the Annual Meeting at the time and on the date specified above or at any time and date to which the Annual Meeting is properly adjourned or postponed.

Only stockholders of record at the close of business on September 17, 2012 are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements of the meeting.

Again this year, we are pleased to be using the Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials, or Notice, instead of a printed copy of the Proxy Statement and our Annual Report for the fiscal year ended June 29, 2012. The Notice contains instructions on how stockholders can access those documents over the Internet and vote their shares. The Notice also contains instructions on how each of those stockholders can receive a printed copy of our proxy materials, including the Proxy Statement, our 2012 Annual Report and a proxy card or voting instruction form. All stockholders who do not receive a Notice will receive a printed copy of the proxy materials by mail. We believe this process will expedite stockholders receipt of proxy materials, lower the costs of our Annual Meeting and conserve natural resources.

By Order of the Board of Directors

Michael C. Ray

Senior Vice President, General Counsel and Secretary

Irvine, California

September 27, 2012

ALL OF OUR STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, YOU ARE URGED TO SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS ELECTRONICALLY VIA THE INTERNET OR (IF YOU RECEIVE A PRINTED COPY OF THE PROXY MATERIALS) BY TELEPHONE OR BY COMPLETING, SIGNING, DATING AND RETURNING THE ACCOMPANYING PROXY CARD OR VOTING INSTRUCTION FORM IN THE PRE-ADDRESSED RETURN ENVELOPE PROVIDED. PLEASE SEE THE ACCOMPANYING INSTRUCTIONS FOR MORE DETAILS ON VOTING. SUBMITTING YOUR PROXY OR VOTING INSTRUCTIONS PROMPTLY WILL ASSIST US IN REDUCING THE EXPENSES OF ADDITIONAL PROXY SOLICITATION, BUT IT WILL NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING (AND, IF YOU ARE NOT A STOCKHOLDER OF RECORD, YOU HAVE OBTAINED A LEGAL PROXY FROM THE BANK, BROKER, TRUSTEE OR OTHER NOMINEE THAT HOLDS YOUR SHARES GIVING YOU THE RIGHT TO VOTE THE SHARES IN PERSON AT THE ANNUAL MEETING).

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3355 Michelson Drive, Suite 100

Irvine, California 92612

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

November 8, 2012

Our Board of Directors is soliciting your proxy for the 2012 Annual Meeting of Stockholders to be held at 8:00 a.m., local time, on November 8, 2012 at 3333 Michelson Drive, Irvine, California 92612, and at any and all adjournments or postponements of the Annual Meeting, for the purposes set forth in the Notice of Annual Meeting of Stockholders.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE

ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON NOVEMBER 8, 2012

This Proxy Statement and our 2012 Annual Report for the fiscal year ended June 29, 2012 are available on the Internet at www.proxyvote.com. These materials are also available on our corporate website at investor.wdc.com. The other information on our corporate website does not constitute part of this Proxy Statement.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Q: Why did I receive a Notice of Internet Availability of Proxy Materials in the mail instead of a full set of proxy materials?

Again this year, we are pleased to be using the Securities and Exchange Commission rule that allows companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials, or Notice, instead of a printed copy of this Proxy Statement and our Annual Report for the fiscal year ended June 29, 2012. The Notice contains instructions on how stockholders can access those documents over the Internet and vote their shares. The Notice also contains instructions on how each of those stockholders can receive a printed copy of our proxy materials, including this Proxy Statement, our 2012 Annual Report and a proxy card or voting instruction form. All stockholders who do not receive a Notice will receive a printed copy of the proxy materials by mail. We believe this process will expedite stockholders receipt of proxy materials, lower the costs of our Annual Meeting and conserve natural resources.

We are first mailing the Notice to our stockholders on or about September 27, 2012. For stockholders who have affirmatively requested printed copies of proxy materials, we intend to first mail printed copies of this Proxy Statement, the accompanying proxy card or voting instruction form and our 2012 Annual Report on or about September 27, 2012.

Q: What information is contained in these materials?

The information included in this Proxy Statement relates to the proposals to be voted on at the Annual Meeting, the voting process, the compensation of directors and our most highly compensated executive officers, corporate governance and information on our Board of Directors, and certain other required information. Our 2012 Annual Report, which includes our audited consolidated financial statements, has also been made available to you.

Q: What items of business will be voted on at the Annual Meeting?

The items of business scheduled to be voted on at the Annual Meeting are:

1. The election of the twelve director nominees named in this Proxy Statement to serve until our next annual meeting of stockholders and until their successors are duly elected and qualified (Proposal 1);

2. The approval of an amendment and restatement of our 2004 Performance Incentive Plan that would, among other things, increase by 11,500,000 the number of shares of our common stock available for issuance under the plan (Proposal 2);

3. The approval of an amendment and restatement of our 2005 Employee Stock Purchase Plan that would, among other things, increase by 8,000,000 the number of shares of our common stock available for issuance under the plan (Proposal 3);

4. An advisory vote on the named executive officer compensation disclosed in this Proxy Statement (Proposal 4); and

5. The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending June 28, 2013 (Proposal 5).

Q: How does the Board of Directors recommend I vote on these proposals?

The Board of Directors recommends that you vote your shares:

1. FOR election to the Board of Directors of each of the twelve director nominees named in this Proxy Statement (Proposal 1);

2. FOR the approval of an amendment and restatement of our 2004 Performance Incentive Plan that would, among other things, increase by 11,500,000 the number of shares of common stock available for issuance under the plan (Proposal 2);

3. FOR the approval of an amendment and restatement of our 2005 Employee Stock Purchase Plan that would, among other things, increase by 8,000,000 the number of shares of common stock available for issuance under the plan (Proposal 3);

4. FOR the approval of the compensation of our named executive officers in this Proxy Statement (Proposal 4); and

5. FOR the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending June 28, 2013 (Proposal 5).

Q: Who is entitled to vote?

Only stockholders of record at the close of business on September 17, 2012, the record date, will be entitled to notice of and to vote at the Annual Meeting.

Q: How many shares are eligible to vote at the Annual Meeting?

At the close of business on the record date, 245,206,267 shares of our common stock were outstanding and entitled to vote.

Q: What is the difference between a beneficial stockholder and a stockholder of record ?

Whether you are a beneficial stockholder or a stockholder of record depends on how you hold your shares:

Beneficial Stockholders: Most of our stockholders hold their shares through a broker, bank, trustee or other nominee (that is, in street name) rather than directly in their own name. If you hold your shares in street name, you are a beneficial stockholder, and the proxy materials were made available to you by the organization holding your account. This organization is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial stockholder, you have the right to instruct that organization on how to vote the shares held in your account. If you requested printed copies of the proxy materials by mail, you will receive a voting instruction form from your bank, broker, trustee or other nominee.

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Stockholders of Record: If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered the stockholder of record with respect to those shares, and the proxy materials were made available directly to you by the company. If you requested printed copies of the proxy materials by mail, you will receive a proxy card from the company.

Q: How can I vote my shares in person at the Annual Meeting?

If you are a stockholder of record, you have the right to vote in person at the Annual Meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting, or, if you requested and received printed copies of the proxy materials by mail, you can complete, sign and date the proxy card enclosed with the proxy materials you received and submit it at the Annual Meeting. If you are a beneficial stockholder, you may not vote your shares in person at the Annual Meeting unless you obtain a legal proxy from the bank, broker, trustee or other nominee that holds your shares, giving you the right to vote the shares at the Annual Meeting. **Even if you plan to attend the Annual Meeting, we recommend that you submit your proxy or voting instructions in advance of the meeting as described below so that your vote will be counted if you later decide not to attend the Annual Meeting.**

Q: How can I vote my shares without attending the Annual Meeting?

Whether you are a stockholder of record or a beneficial stockholder, you may direct how your shares are voted without attending the Annual Meeting. If you are a stockholder of record, you may submit a proxy to authorize how your shares are voted at the Annual Meeting. You can submit a proxy over the Internet by following the instructions provided in the Notice, or, if you requested and received printed copies of the proxy materials, you can also submit a proxy by mail or telephone pursuant to the instructions provided in the proxy card enclosed with the proxy materials. If you are a beneficial stockholder, you may also submit your voting instructions over the Internet by following the instructions provided in the Notice, or, if you requested and received printed copies of the proxy materials, you can also submit voting instructions by telephone or mail by following the instructions provided to you by your bank, broker, trustee or other nominee.

Submitting your proxy or voting instructions via the Internet, by telephone or by mail will not affect your right to vote in person should you decide to attend the Annual Meeting, although beneficial stockholders must obtain a legal proxy from the bank, broker, trustee or nominee that holds their shares giving them the right to vote the shares at the Annual Meeting in order to vote in person at the meeting.

Q: How do I vote my shares held in the company s 401(k) Plan? What happens if I do not vote my 401(k) Plan shares?

If you are one of our many employees who participates in the Western Digital Common Stock Fund under the company s 401(k) Plan, you will receive a request for voting instructions with respect to all of the shares allocated to your plan account. You are entitled to direct T. Rowe Price Company, the plan trustee, how to vote your plan shares. If T. Rowe Price does not receive voting instructions for shares in your plan account, your shares will not be voted.

Q: What is the deadline for voting my shares?

If you are a stockholder of record, your proxy must be received by telephone or the Internet by 11:59 p.m. Eastern time on November 7, 2012 in order for your shares to be voted at the Annual Meeting. However, if you are a stockholder of record and you received a copy of the proxy materials by mail, you may instead mark, sign, date and return the enclosed proxy card, which must be received before the polls close at the Annual Meeting, in order for your shares to be voted at the meeting. If you are a beneficial stockholder, please follow the voting instructions provided by the bank, broker, trustee or nominee who holds your shares. **If you hold shares in the company s 401(k) Plan, to allow sufficient time for voting by the plan trustee, your voting instructions must be received by telephone or the Internet by 11:59 p.m. Eastern time on November 5, 2012.**

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Q: Can I change or revoke my proxy or voting instructions?

You have the power to revoke your proxy or voting instructions before your shares are voted at the Annual Meeting. If you are a stockholder of record, you may revoke your proxy by submitting a written notice of revocation to our Secretary or, to change how your shares will be voted at the Annual Meeting, by submitting a duly executed written proxy bearing a date that is later than the date of your original proxy or by submitting a later dated proxy electronically via the Internet or by telephone. A previously submitted proxy will not be voted if the stockholder of record who executed it is present at the Annual Meeting and votes the shares represented by the proxy in person at the Annual Meeting. For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your bank, broker, trustee or nominee, or, if you have obtained a legal proxy from your bank, broker, trustee or nominee giving you the right to vote your shares, by attending the Annual Meeting and voting in person. Please note that attendance at the Annual Meeting will not by itself constitute revocation of a proxy. Any change to your proxy or voting instructions that is provided by telephone or the Internet must be submitted by 11:59 p.m. Eastern time on November 7, 2012, unless you are voting shares held in our 401(k) Plan in which case the deadline is 11:59 p.m. Eastern time on November 5, 2012.

Q: How will my shares be voted if I do not provide specific voting instructions in the proxy or voting instruction form I submit?

If you submit a proxy or voting instruction form but do not indicate your specific voting instructions on one or more of the proposals listed above in the notice of the meeting, your shares will be voted as recommended by the Board of Directors on those proposals and as the proxyholders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Q: How many shares must be present or represented to conduct business at the Annual Meeting?

The holders of a majority of our shares of common stock outstanding on the record date and entitled to vote at the Annual Meeting, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Annual Meeting and any adjournments or postponements thereof. If you submit a proxy or voting instructions, your shares will be counted for purposes of determining the presence or absence of a quorum, even if you abstain from voting your shares. If a broker indicates on a proxy that it lacks discretionary authority to vote your shares on a particular matter, commonly referred to as broker non-votes, those shares will still be counted for purposes of determining the presence of a quorum at the Annual Meeting. If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained.

Q: What happens if additional matters are presented at the Annual Meeting?

Our Board of Directors does not know of any other matters to be presented for action at the Annual Meeting. Should any other matters come before the Annual Meeting or any adjournments or postponements thereof, the proxyholders will have the discretionary authority to vote all proxies received with respect to such matters in accordance with their judgment.

Q: What vote is required to approve each of the proposals?

Each share of our common stock outstanding on the record date is entitled to one vote on each of the twelve director nominees and one vote on each other matter that may be presented for consideration and action by the stockholders at the Annual Meeting.

For purposes of Proposal 1 (election of directors), you may vote FOR, AGAINST or ABSTAIN with respect to each director nominee. Each director nominee receiving the affirmative approval of a majority of the votes cast with respect to his or her election (that is, the number of shares voted for the director exceeds the number of votes cast against that director) will be elected as a director.

For purposes of Proposal 2 (restatement of our 2004 Performance Incentive Plan), Proposal 3 (restatement of our 2005 Employee Stock Purchase Plan), Proposal 4 (advisory vote on executive compensation) and Proposal 5 (ratification of the appointment of KPMG LLP as our independent registered public accounting firm), you may vote FOR, AGAINST or ABSTAIN. Each of these proposals requires the affirmative approval of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal at the Annual Meeting.

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Please be aware that Proposals 4 and 5 are advisory only and are not binding on the company. Our Board of Directors will consider the outcome of the vote on each of these proposals in considering what action, if any, should be taken in response to the advisory vote by stockholders.

Q: What effect do abstentions and broker non-votes have on the proposals?
For Proposal 1 (election of directors), shares voting abstain will be entirely excluded from the vote and will not be counted in determining the outcome of a director s election. For Proposal 2 (restatement of our 2004 Performance Incentive Plan), Proposal 3 (restatement of our 2005 Employee Stock Purchase Plan), Proposal 4 (advisory vote on executive compensation) and Proposal 5 (ratification of the appointment of KPMG LLP as our independent registered public accounting firm), we treat abstentions as shares present or represented and entitled to vote on that proposal, so abstaining has the same effect as a vote against the proposal.

If you are a beneficial stockholder that holds your shares through a brokerage account and you do not submit voting instructions to your broker, your broker may generally vote your shares in its discretion on routine matters. However, a broker cannot vote shares held for a beneficial stockholder on non-routine matters, unless the broker receives voting instructions from the beneficial stockholder. Proposal 1 (election of directors), Proposal 2 (restatement of our 2004 Performance Incentive Plan), Proposal 3 (restatement of our 2005 Employee Stock Purchase Plan), and Proposal 4 (advisory vote on executive compensation) are each considered a non-routine matter. However, Proposal 5 (ratification of KPMG LLP as our independent registered public accounting firm) is considered routine and may be voted upon by your broker if you do not submit voting instructions. Consequently, if you hold your shares through a brokerage account and do not submit voting instructions to your broker, your broker may exercise its discretion to vote your shares on Proposal 5, but will not be permitted to vote your shares on any of the other proposals at the Annual Meeting. If your broker exercises this discretion, your shares will be counted as present for determining the presence of a quorum at the Annual Meeting and will be voted on Proposal 5 in the manner directed by your broker, but your shares will constitute broker non-votes on each of the other proposals at the Annual Meeting and will not be counted for purposes of determining the outcome of each such proposal.

Q: Can I attend the Annual Meeting? What do I need for admission?
You are entitled to attend the Annual Meeting if you were a stockholder of record or a beneficial stockholder as of the close of business on September 17, 2012, the record date, or you hold a valid legal proxy for the Annual Meeting. You should be prepared to present photo identification for admission.

Q: Who will bear the costs of solicitation?
The accompanying proxy is being solicited on behalf of our Board of Directors. The cost of preparing, assembling and mailing the Notice of Annual Meeting of Stockholders, the Notice of Internet Availability of Proxy Materials, this Proxy Statement and form of proxy, the cost of making such materials available on the Internet and the cost of soliciting proxies will be paid by us. In addition to use of the mails, we may solicit proxies in person or by telephone, facsimile or other means of communication by certain of our directors, officers, and regular employees who will not receive any additional compensation for such solicitation. We have also engaged Morrow & Co., LLC to assist us in connection with the solicitation of proxies for the Annual Meeting for a fee that we do not expect to exceed $15,000 plus a reasonable amount to cover expenses. We have agreed to indemnify Morrow & Co., LLC against certain liabilities arising out of or in connection with this engagement. We will also reimburse brokers or other persons holding our common stock in their names or the names of their nominees for the expenses of forwarding soliciting material to their principals.

Q: Where can I find the voting results of the Annual Meeting?
We intend to announce preliminary voting results at the Annual Meeting and disclose final results in a Current Report on Form 8-K filed with the Securities and Exchange Commission no later than four business days following the date of the Annual Meeting, which will be available on our website.

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Q: May I propose actions for consideration at next year s annual meeting or nominate individuals to serve as directors?

Yes. The following requirements apply to stockholder proposals and director nominations for the 2013 Annual Meeting of Stockholders. Our 2013 Annual Meeting of Stockholders is currently scheduled to be held on November 14, 2013.

Proposals for Inclusion in Proxy Materials. For your proposal to be considered for inclusion in the proxy statement and form of proxy for our 2013 Annual Meeting of Stockholders, your written proposal must be received by our Secretary at our principal executive offices no later than May 30, 2013 and must comply with our By-laws and Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act), regarding the inclusion of stockholder proposals in company-sponsored proxy materials. If we change the date of the 2013 Annual Meeting by more than 30 days from the date of this year s Annual Meeting, your written proposal must be received by our Secretary at our principal executive offices a reasonable time before we begin to print and mail our proxy materials for our 2013 Annual Meeting

Nomination of Director Candidates and Proposals Not Intended for Inclusion in Proxy Materials. If you intend to nominate a director for election to our Board of Directors at our 2013 Annual Meeting of Stockholders or wish to present a proposal at the 2013 Annual Meeting but do not intend for such proposal to be included in the proxy statement for such meeting, our By-laws require that, among other things, stockholders give written notice of the nomination or proposal to our Secretary at our principal executive offices no earlier than the close of business on July 11, 2013 (the 120th day prior to the anniversary of our 2012 Annual Meeting) and no later than the close of business on August 10, 2013 (the 90th day prior to the anniversary of our 2012 Annual Meeting). Notwithstanding the foregoing, in the event that we change the date of the 2013 Annual Meeting from the currently scheduled date of November 14, 2013 to a date that is more than 30 days before or more than 70 days after the anniversary of our 2012 Annual Meeting, written notice by a stockholder must be given no earlier than the close of business 120 days prior to the date of the 2013 Annual Meeting and no later than the later of 90 days prior to the date of the 2013 Annual Meeting or the close of business on the tenth day following the day on which public announcement of the 2013 Annual Meeting is made. Stockholder proposals or nominations for director that do not meet the notice requirements set forth above and further described in Section 2.11 of our By-laws will not be acted upon at the 2013 Annual Meeting.

Q: I share an address with another stockholder, and we received only one printed copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

We have adopted a procedure called householding, which the Securities and Exchange Commission has approved. Under this procedure, stockholders of record who have the same address and last name and did not receive a Notice of Internet Availability or otherwise receive their proxy materials electronically will receive only one copy of our proxy materials unless we receive contrary instructions from one or more of such stockholders. Upon oral or written request, we will deliver promptly a separate copy of the proxy materials to a stockholder at a shared address to which a single copy of proxy materials was delivered. If you are a stockholder of record at a shared address to which we delivered a single copy of the proxy materials and you desire to receive a separate copy of the proxy materials for the Annual Meeting or for our future meetings, or if you are a stockholder at a shared address to which we delivered multiple copies of the proxy materials and you desire to receive one copy in the future, please submit your request to the Householding Department of Broadridge Financial Solutions, Inc. at 51 Mercedes Way, Edgewood, New York 11717, or at 1-800-542-1061. If you are a beneficial stockholder, please contact your bank, broker, trustee or other nominee directly if you have questions, require additional copies of the proxy materials, wish to receive multiple reports by revoking your consent to householding or wish to request single copies of the proxy materials in the future.

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SECURITY OWNERSHIP BY PRINCIPAL STOCKHOLDERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock, as of September 17, 2012, by (1) each person known by us to own beneficially more than 5% of our outstanding common stock, (2) each director and each nominee for election as a member of our Board of Directors, (3) each of the named executive officers named in the Fiscal Years 2010 2012 Summary Compensation Table on page 45 and (4) all current directors and executive officers as a group. This table is based on information supplied to us by our executive officers, directors and principal stockholders or included in a Schedule 13G or Schedule 13D filed with the Securities and Exchange Commission.

Beneficial Owner	**Amount and Nature of Beneficial Ownership(1)**	**Percent of Class(2)**
Greater than 5% Stockholders:		
Hitachi, Ltd.(3)	25,000,000	9.60%
6-6 Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8280 Japan		
BlackRock Inc.(4)	19,300,558	8.26%
40 East 52nd Street, New York, NY 10022		
The Vanguard Group, Inc.(5)	13,635,802	5.83%
100 Vanguard Blvd., Malvern, PA 19355		
Directors:		
Kathleen A. Cote(6)	102,263	*
Henry T. DeNero(6)	120,418	*
William L. Kimsey(6)	75,403	*
Michael D. Lambert(6)	79,575	*
Len J. Lauer(6)	20,047	*
Matthew E. Massengill(6)	114,852	*
Roger H. Moore(6)	101,619	*
Kensuke Oka(6)	0	*
Thomas E. Pardun(6)(7)	117,926	*
Arif Shakeel(6)	56,734	*
Masahiro Yamamura(6)	0	*
Named Executive Officers:		
John F. Coyne(8)(9)	1,808,143	*
Wolfgang U. Nickl(9)	102,994	*
Stephen D. Milligan(9)	1,000	*
Timothy M. Leyden(9)	414,987	*
James J. Murphy(9)	17,212	*
All Directors and Current Executive Officers as a group (16 persons)(10)	3,133,173	1.27%

* Represents less than 1% of the outstanding shares of our common stock.

(1) We determine beneficial ownership in accordance with the rules of the Securities and Exchange Commission. We deem shares subject to options that are exercisable as of or within 60 days after September 17, 2012, as well as shares subject to restricted stock unit awards scheduled to vest within 60 days after September 17, 2012, as outstanding for purposes of computing the share amount and the percentage ownership of the person holding such awards, but we do not deem them outstanding for purposes of computing the percentage ownership of any other person. We also deem shares representing deferred stock units credited to accounts in our Deferred Compensation

Plan as of September 17, 2012 as outstanding for purposes of computing the share amount and the percentage ownership of the person to whose account those units are credited, but we do not deem them outstanding for purposes of computing the percentage ownership of any other person.

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(2) Except as otherwise noted below, we determine applicable percentage ownership on 245,206,267 shares of our common stock outstanding as of September 17, 2012. To our knowledge, except as otherwise indicated in the footnotes to this table and subject to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares set forth opposite such stockholder s name.

(3) Beneficial and percentage ownership information is based on information contained in a Schedule 13D filed with the Securities and Exchange Commission on March 15, 2012 by Hitachi, Ltd. (Hitachi). According to the schedule, as of March 8, 2012, Hitachi has sole voting and sole dispositive power with respect to 25,000,000 shares, which shares were acquired by Hitachi, together with cash consideration, in connection with our acquisition on March 8, 2012 of all of the outstanding stock of Viviti Technologies Ltd., until recently known as Hitachi Global Storage Technologies (HGST), a wholly owned subsidiary of Hitachi.

(4) Beneficial and percentage ownership information is based on information contained in Amendment No. 3 to Schedule 13G filed with the Securities and Exchange Commission on February 10, 2012 by BlackRock, Inc. (BlackRock). According to the schedule, as of December 31, 2011, BlackRock has sole voting and sole dispositive power with respect to 19,300,558 shares. None of BlackRock s subsidiaries individually owns more than 5% of our common stock.

(5) Beneficial and percentage ownership information is based on information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 10, 2012 by The Vanguard Group, Inc. (Vanguard). According to the schedule, as of December 31, 2011, Vanguard has sole voting power with respect to 322,228 shares, shared voting power with respect to zero shares, sole dispositive power with respect to 13,313,574 shares and shared dispositive power with respect to 322,228 shares. Vanguard Fiduciary Trust Company (VFTC), a wholly owned subsidiary of Vanguard, is the beneficial owner of 322,228 shares as a result of its serving as investment manager of collective trust accounts. VFTC directs the voting of these shares.

(6) Includes shares of our common stock that may be acquired as of or within 60 days after September 17, 2012 through the exercise of stock options as follows: Ms. Cote (68,113), Mr. DeNero (36,428), Mr. Kimsey (45,613), Mr. Lambert (58,113), Mr. Lauer (20,047), Mr. Massengill (45,613), Mr. Moore (29,350), Mr. Oka (0), Mr. Pardun (68,113), Mr. Shakeel (39,555) and Mr. Yamamura (0). Includes shares of our common stock that may be acquired within 60 days after September 17, 2012 through the vesting of restricted stock unit awards as follows: Ms. Cote (3,244), Mr. DeNero (3,244), Mr. Kimsey (3,244), Mr. Lambert (3,244), Mr. Lauer (0), Mr. Massengill (3,244), Mr. Moore (3,244), Mr. Oka (0), Mr. Pardun (3,244), Mr. Shakeel (3,244) and Mr. Yamamura (0). Restricted stock unit awards are payable in an equivalent number of shares of common stock in connection with the vesting of the award. Also includes shares representing deferred stock units credited to accounts in our Deferred Compensation Plan as of September 17, 2012 as follows: Ms. Cote (29,188), Mr. DeNero (53,684), Mr. Kimsey (2,708), Mr. Lambert (0), Mr. Lauer (0), Mr. Massengill (0), Mr. Moore (57,567), Mr. Oka (0), Mr. Pardun (31,115), Mr. Shakeel (0) and Mr. Yamamura (0). Deferred stock units are payable in an equivalent number of shares of common stock in connection with the retirement or other separation from service of the director, or earlier in connection with the director s deferral election.

(7) Includes 15,454 shares of our common stock held in a family trust.

(8) Mr. Coyne is also a member of our Board of Directors.

(9) Includes shares of our common stock that may be acquired as of or within 60 days after September 17, 2012 through the exercise of stock options as follows: Mr. Coyne (1,024,499), Mr. Nickl (87,540), Mr. Milligan (0), Mr. Leyden (334,156), and Mr. Murphy (17,212). Includes shares of our common stock that may be acquired within 60 days after September 17, 2012 through the vesting of restricted stock unit awards as follows: Mr. Coyne (0), Mr. Nickl (2,151), Mr. Milligan (0), Mr. Leyden (0), and Mr. Murphy (0).

(10) Includes 1,874,352 shares of our common stock that may be acquired as of or within 60 days after September 17, 2012 through the exercise of stock options by our directors and our current executive officers. Includes 28,103 shares of our common stock that may be

acquired within 60 days after September 17, 2012 through the vesting of restricted stock unit awards by our directors and our current executive officers. Also includes 174,262 shares of our common stock representing deferred stock units as described in footnote (6) above.

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PROPOSAL 1

ELECTION OF DIRECTORS

Our Board of Directors currently consists of twelve directors. Each director serves a one-year term and is subject to re-election at each annual meeting of stockholders. Upon the recommendation of the Governance Committee, our Board of Directors has nominated all twelve of our current directors for re-election to the Board of Directors to serve until the next annual meeting of stockholders and until their successors are elected and qualified. In a Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 10, 2012, we announced that Mr. Coyne has decided to retire as our Chief Executive Officer and one of our directors on January 2, 2013. Mr. Coyne will stand for re-election to the Board of Directors at the Annual Meeting of Stockholders to be held on November 8, 2012. Following Mr. Coyne s retirement, Stephen D. Milligan, our President, will succeed Mr. Coyne as Chief Executive Officer and will be appointed to the Board of Directors.

Nominees for Election

Our nominees for election to our Board of Directors at the Annual Meeting include eleven independent directors, as defined by the applicable listing standards of The NASDAQ Stock Market LLC (the NASDAQ Stock Market), and one current member of our senior management. Each of the nominees is currently a member of our Board of Directors and has consented to serve as a director if elected.

Messrs. Oka and Yamamura, who were appointed to the Board of Directors on May 17, 2012, were recommended to the Governance Committee and designated by Hitachi, Ltd. (Hitachi), one of our stockholders, to serve as members of our Board of Directors pursuant to an Investor Rights Agreement, dated March 8, 2012, between us and Hitachi (the Investor Rights Agreement), which was entered into in connection with our acquisition of Viviti Technologies, Ltd., formerly known as Hitachi Global Storage Technologies (HGST), a subsidiary of Hitachi. Messrs. Oka and Yamamura are referred to in this Proxy Statement as the Hitachi Designated Directors. Additional information concerning the terms of the Investor Rights Agreement and Hitachi s right to designate two directors to our Board of Directors is available below in the Transactions With Related Persons section under the heading Agreements with Hitachi, Ltd.

If you submit a proxy or voting instruction form but do not give specific instructions with respect to the election of directors, your shares will be voted FOR each of the twelve nominees named in this Proxy Statement. If you wish to give specific instructions with respect to the election of directors, you may do so by indicating your instructions on your proxy or voting instructions and submitting your proxy or voting instructions as described herein. In the event that, before the Annual Meeting, any of the nominees for director should become unable to serve if elected, the persons named as proxies may vote for a substitute nominee designated by our existing Board of Directors to fill the vacancy or for the balance of the nominees, leaving a vacancy, unless our Board of Directors chooses to reduce the number of directors serving on the Board of Directors. Our Board of Directors has no reason to believe that any of its director nominees for election at the Annual Meeting will be unwilling or unable to serve if elected as a director.

In recommending director nominees for selection to the Board, the Governance Committee considers a number of factors, which are described in more detail below under Director Candidates. In considering these factors, the Governance Committee and the Board consider the fit of each individual s experience, qualifications, attributes and skills with those of our other directors, to build a board of directors that, as a whole, is effective, collegial and responsive to the company and our stockholders.

The following biographical information for each of the twelve nominees includes information about the director s age, his or her principal occupations and employment during at least the last five years, the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years, and the specific experience, qualifications, attributes or skills that led our Board of Directors to conclude that the individual should serve as a director. We value their numerous years of service to the company and their business experience and acumen.

Kathleen A. Cote, 63, has been a director since January 2001. She was the Chief Executive Officer of Worldport Communications, Inc., a European provider of Internet managed services, from May 2001 to

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June 2003. From September 1998 until May 2001, she served as President of Seagrass Partners, a provider of expertise in business planning and strategic development for early stage companies. From November 1996 until January 1998, she served as President and Chief Executive Officer of Computervision Corporation, an international supplier of product development and data management software. She is currently a director of VeriSign, Inc. and GT Advanced Technologies, Inc., and, within the last five years, also served as a director of Asure Software, Inc. (formerly Forgent Networks, Inc.) and 3Com Corporation.

Ms. Cote is a seasoned business executive with numerous years of experience overseeing global companies focused on technology and operations, which is directly relevant to our business. Her financial and accounting skills qualify her as an audit committee financial expert under Securities and Exchange Commission rules. She has served on numerous public company boards of directors, including on the audit and governance committees of those boards, providing our Board of Directors with valuable board-level experience. Her tenure on our Board of Directors also provides us with specific expertise and insight into our business. We believe these experiences, qualifications, attributes and skills qualify her to serve as a member of our Board of Directors.

John F. Coyne, 62, has been a director since October 2006. He joined us in 1983 and has served in various executive capacities. From November 2002 until June 2005, Mr. Coyne served as Senior Vice President, Worldwide Operations, from June 2005 until November 2005, he served as Executive Vice President, Worldwide Operations, and from November 2005 until June 2006, he served as Executive Vice President and Chief Operations Officer. Effective June 2006, he was named President and Chief Operating Officer. In January 2007, he became President and Chief Executive Officer. Effective March 8, 2012, in connection with our acquisition of HGST and our employment of Mr. Milligan as our President, Mr. Coyne now serves as our Chief Executive Officer. As announced in a Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 10, 2012, Mr. Coyne has decided to retire as our Chief Executive Officer and as a director on January 2, 2013. Mr. Coyne is currently a director of Jacobs Engineering Group Inc.

Mr. Coyne s nearly 30 years of experience in our industry, including more than five years as our President and Chief Executive Officer, contributes indispensable knowledge and expertise to the Board of Directors. He has served Western Digital in numerous executive capacities around the globe, providing our Board of Directors with valuable operations, manufacturing and international experience. He also has extensive experience overseeing Western Digital s global talent acquisition and retention program and identifying, overseeing and integrating merger and acquisition transactions, both of which are significantly important to the Board of Directors. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Henry T. DeNero, 66, has been a director since June 2000. He was Chairman and Chief Executive Officer of Homespace, Inc., a provider of Internet real estate and home services, from January 1999 until it was acquired by LendingTree, Inc. in August 2000. From July 1995 to January 1999, he was Executive Vice President for First Data Corporation, a provider of information and transaction processing services. Prior to 1995, he was Vice Chairman and Chief Financial Officer of Dayton Hudson Corporation, a general merchandise retailer, and was previously a Director of McKinsey & Company, a management consulting firm. He is currently a director of THQ, Inc. and, within the last five years, also served as a director of Vignette Corp.

Mr. DeNero has executive level experience in a broad range of industries, which demonstrates to the Board his ability to lead and provide strategic input on a wide range of issues. His extensive experience at McKinsey & Company, a respected consulting firm, provides the Board with valuable insights into corporate strategy and problem resolution. He has significant experience working in Japan and Europe in his positions with McKinsey & Company, which are two important geographic locations for our company. His financial skills and prior experience as a Chief Financial Officer qualify him as an audit committee financial expert under Securities and Exchange Commission rules. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

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William L. Kimsey, 70, has been a director since March 2003. He is a veteran of 32 years service with Ernst & Young Global, a global independent accounting firm, and served as that firm s Global Chief Executive Officer from 1998 to 2002. Mr. Kimsey also served at Ernst & Young as director of management consulting in St. Louis, office managing partner in Kansas City, Vice Chairman and Southwest Region managing partner in Dallas, Vice Chairman and West Region managing partner in Los Angeles, Deputy Chairman and Chief Operating Officer and, from 1998 to 2002, Chief Executive Officer of Ernst & Young Global Ltd., and a member of the global executive board. He is currently a director of Accenture plc. and Royal Caribbean Cruises Ltd. and, within the last five years, also served as a director of NAVTEQ Corporation.

As a certified public accountant for numerous years and the former Chief Executive Officer of one of the largest global public accounting firms in the world, Mr. Kimsey provides our Board of Directors with valuable experience and insight into accounting and finance matters, and that experience qualifies him as an audit committee financial expert under Securities and Exchange Commission rules. He also brings expertise and knowledge of the complexities of growing and managing a global business. He has extensive experience negotiating, overseeing and integrating merger and acquisition transactions at both the executive and board level, which is experience highly valued by our Board of Directors. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Michael D. Lambert, 65, has been a director since August 2002. From 1996 until he retired in May 2002, he served as Senior Vice President for the Enterprise Systems Group of Dell Inc., a computer system company. During that period, he also participated as a member of a six-man operating committee at Dell, which reported to the Office of the Chairman. Mr. Lambert served as Vice President, Sales and Marketing for Compaq Computer Corporation, a global information technology company, from 1993 to 1996. Prior to that, for four years, he ran the Large Computer Products division at NCR/AT&T Corporation as Vice President and General Manager. Mr. Lambert began his career with NCR Corporation, where he served for 16 years in product management, sales and software engineering capacities. Within the last five years, Mr. Lambert served as a director of Vignette Corp.

Mr. Lambert has extensive experience serving in numerous executive positions with several technology companies, which provides the Board with valuable executive-level insights. He has particular expertise in areas of sales, marketing and operations, especially in the enterprise systems business, which is an important segment for the company. He also has direct experience managing merger and acquisition transactions gained through his positions at Dell and NCR/AT&T Corporation. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Len J. Lauer, 55, has been a director since August 2010. He is the Chairman and Chief Executive Officer of Memjet, a color printing technology company. Prior to joining Memjet in January 2010, Mr. Lauer was Executive Vice President and Chief Operating Officer of Qualcomm, Inc., a developer and manufacturer of digital telecommunications products and services, from August 2008 through December 2009, and he was Executive Vice President and Group President from December 2006 through July 2008. Prior to joining Qualcomm, Inc., Mr. Lauer was Chief Operating Officer of Sprint Nextel Corp., a global communications company, from August 2005 to December 2006, and he was President and Chief Operating Officer of Sprint Corp. from September 2003 until the Sprint-Nextel merger in August 2005. Prior to that, he was President-Sprint PCS from October 2002 until October 2004, and was President-Long Distance (formerly the Global Markets Group) from September 2000 until October 2002. Mr. Lauer also served in several executive positions at Bell Atlantic Corp. from 1992 to 1998 and spent the first 13 years of his business career at IBM in various sales and marketing positions. Within the last five years, Mr. Lauer served as a director of H&R Block, Inc.

Mr. Lauer brings to the Board of Directors significant senior executive leadership experience from large, multi-national public technology companies, which provides a valuable perspective to our Board of Directors. Mr. Lauer s experience provides our Board of Directors with insight into the role of technology solutions for the consumer products market, which is an important part of our business. He has also served on other public company boards and board committees, providing our Board of Directors with important board-level experience. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

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Matthew E. Massengill, 51, has been a director since January 2000. He joined us in 1985 and served in various executive capacities with us until January 2007. From October 1999 until January 2000, he served as Chief Operating Officer, from January 2000 until January 2002, he served as President, and from January 2000 until October 2005, he served as Chief Executive Officer. Mr. Massengill served as Chairman of the Board of Directors from November 2001 until March 2007. He is currently a director of Microsemi Corporation and GT Advanced Technologies, Inc. and, within the last five years, also served as a director of Conexant Systems, Inc. and ViewSonic Corporation.

Mr. Massengill s 27 years of service to Western Digital, including 13 years as either an executive or Board member, provide our Board of Directors with extensive and significant experience directly relevant to our business. As our former Chief Executive Officer, he has a deep understanding of our operations, provides valuable knowledge to our Board of Directors on the issues we face to achieve our strategic objectives and has extensive international experience. His service on numerous other public company boards of directors also provides our Board of Directors with important board-level perspective. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Roger H. Moore, 70, has been a director since June 2000. He served as President and Chief Executive Officer of Illuminet Holdings, Inc., a provider of network, database and billing services to the communications industry, from January 1996 until it was acquired by VeriSign, Inc. in December 2001, and he retired at that time. He was a member of Illuminet s Board of Directors from July 1998 until December 2001. From September 1998 to October 1998, he served as President, Chief Executive Officer and a director of VINA Technologies, Inc., a telecommunications equipment company. From June 2007 to November 2007, Mr. Moore served as interim President and Chief Executive Officer of Arbinet-thexchange, Inc., an electronic market for communications capacity. Mr. Moore served as the Chief Executive Officer of the Communications Services Group of VeriSign, Inc., an operator of infrastructure services, from December 2007 until its acquisition by TNS, Inc. in May 2009. He is currently a director of Consolidated Communications Holdings, Inc. and VeriSign, Inc. and, within the last five years, also served as a director of Arbinet-thexchange, Inc.

Mr. Moore s numerous years of experience as a chief executive of both public and private companies provides the Board of Directors with valuable administrative and operational insight. He has significant experience negotiating and overseeing joint venture, merger and acquisition transactions in both a senior executive and board member capacity gained through his numerous executive positions, which is highly valued by the Board of Directors. He also serves and has served on numerous other public company boards of directors, which provides our Board of Directors with valuable board-level experience. In addition, Mr. Moore has significant experience conducting business in Asia, which is an important geographic region for our company. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Kensuke Oka, 59, has been a director since May 2012. Mr. Oka is President and Chief Executive Officer of Hitachi America, Ltd., a subsidiary of Hitachi. He has served Hitachi companies since 1976 in leadership roles for numerous functional departments. Prior to his current role, he was Corporate Officer and General Manager of the Intellectual Property Group for Hitachi. Prior to that, beginning in 2006, he served Hitachi Asia, Ltd., as Deputy Managing Director. Prior to 2006, he held positions of Deputy General Manager of the Intellectual Property Group, General Manager of the Power & Industrial Systems Group, and Senior Manager, first for the Corporate Communications Division and then for the Human Resources Department.

Mr. Oka brings to the Board of Directors senior executive leadership experience with Hitachi, one of our largest stockholders, which provides a valuable perspective to our Board of Directors. He has significant experience in the technology sector from his numerous years of experience with Hitachi s intellectual property group. Mr. Oka also brings significant experience conducting business in Japan, which is an important geographic region for our company following the acquisition of HGST. We believe these experiences, qualifications, attributes and skills qualify Mr. Oka to serve as a member of our Board of Directors.

Thomas E. Pardun, 68, has been a director since 1993 and Chairman of the Board of Directors since April 2007. He also served as Chairman of the Board of Directors from January 2000 until November 2001. Mr. Pardun was President of MediaOne International Asia Pacific (previously U.S. West International, Asia-Pacific, a subsidiary of U.S. West, Inc.), an owner/operator of international properties in cable television, telephone services, and wireless communications companies, from May 1996 until his retirement in July 2000. Before joining U.S. West, Mr. Pardun was President of the Central Group for Sprint, as well as President of Sprint s West Division and Senior Vice President of Business Development for United Telecom, a predecessor company to Sprint. Mr. Pardun also held a variety of management positions during a 19-year tenure with IBM, a provider of information technology products and services, concluding as Director of product-line evaluation. He is currently a director of CalAmp Corporation, Calix, Inc., Finisar Corporation and MaxLinear, Inc. and, within the last five years, also served as a director of Occam Networks, Inc.

Mr. Pardun s numerous years of experience in executive level positions in the technology industry provide our Board of Directors with valuable insight and knowledge. He has experience operating and growing businesses in Asia from his time as President of MediaOne International Asia Pacific, which is an important geographic region for our company. He has extensive expertise in matters relating to joint ventures, mergers and acquisitions from his time at MediaOne and Sprint, which is important to our Board of Directors. Mr. Pardun s tenure on our Board of Directors, including as both Chairman and lead director, and his service on numerous other public company boards of directors also provide valuable perspective to our Board of Directors, especially in leadership and governance matters. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Arif Shakeel, 57, has been a director since September 2004. He joined us in 1985 and has served in various executive capacities. From February 2000 until April 2001, he served as Executive Vice President and General Manager of Hard Disk Drive Solutions, from April 2001 until January 2003, he served as Executive Vice President and Chief Operating Officer, and from January 2002 until June 2006, he served as President. He served as Chief Executive Officer from October 2005 until January 2007. He served as Special Advisor to the Chief Executive Officer from January 2007 until June 2007.

Mr. Shakeel s more than 25 years of experience in our industry, including service to Western Digital in numerous executive positions and as a Board member, provide valuable knowledge to the Board of Directors in areas of technology, operations, marketing and procurement. As our former Chief Executive Officer, he has a deep understanding of the complexities of our global business. We believe these experiences, qualifications, attributes and skills qualify him to serve as a member of our Board of Directors.

Masahiro Yamamura, 61, has been a director since May 2012. Mr. Yamamura is General Manager of the semiconductor business division of Hitachi, a position he has held since 2011. In 2010, he served Hitachi as Corporate Officer, while also overseeing HGST as Chairman across 2010 and 2011. Prior to that, in 2009, Mr. Yamamura was President of Hitachi Global Storage Technologies Japan, Ltd., a subsidiary of HGST, after having joined the company in 2008 on assignment as Senior Vice President and advisor to the Chief Executive Officer. Previously, he served Renesas Technology Corporation as Executive General Manager and Managing Officer, and later as Director, Chairman, and Chief Executive Officer of Renesas Technology (Shanghai) Co., Ltd. Mr. Yamamura began his career with Hitachi in the semiconductor department.

Mr. Yamamura brings to the Board of Directors senior executive leadership experience with Hitachi, one of our largest stockholders, which provides a valuable perspective to our Board of Directors. He has significant experience in the hard drive market from his years of service to HGST, providing the Board of Directors with a unique perspective on this newly acquired business. He also brings significant experience with conducting business in Asia, including China and Japan, two critical geographic regions for our company following the acquisition of HGST. We believe these experiences, qualifications, attributes and skills qualify Mr. Yamamura to serve as a member of our Board of Directors.

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Vote Required and Recommendation of the Board of Directors

Under our By-laws, in an uncontested election, each director nominee will be elected as a director if the nominee receives the affirmative vote of a majority of the votes cast with respect to his or her election (in other words, the number of shares voted for a director must exceed the number of votes cast against that director). In a contested election where the number of nominees exceeds the number of directors to be elected, a plurality voting standard will apply and the nominees receiving the greatest number of votes at the Annual Meeting, up to the number of directors to be elected, will be elected as directors. In the case of an uncontested election, if a nominee who is serving as a director is not elected at the Annual Meeting by the requisite majority of votes cast, under Delaware law, the director would continue to serve on the Board of Directors as a holdover director. However, under our By-laws, any incumbent director who fails to be elected must offer to tender his or her resignation to our Board of Directors. If the director conditions his or her resignation on acceptance by our Board of Directors, the Governance Committee will then make a recommendation to our Board of Directors on whether to accept or reject the resignation or whether other action should be taken. Our Board of Directors will act on the Governance Committee s recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. The director who tenders his or her resignation will not participate in the Board s or the Governance Committee s decision. A nominee who was not already serving as a director and is not elected at the Annual Meeting by a majority of the votes cast with respect to such director s election will not be elected to our Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR ELECTION TO THE BOARD OF DIRECTORS OF EACH OF THE ABOVE NOMINEES FOR DIRECTOR.

CORPORATE GOVERNANCE

Corporate Governance Guidelines and Code of Business Ethics

Our Board of Directors has adopted Corporate Governance Guidelines, which provide the framework for the governance of our company and represent the Board s current views with respect to selected corporate governance issues considered to be of significance to stockholders. Our Board of Directors has also adopted a Code of Business Ethics that applies to all of our directors, employees and officers, including our Chief Executive Officer, Chief Financial Officer, President, Subsidiary Presidents, Chief Accounting Officer and Controller. The current versions of the Corporate Governance Guidelines and the Code of Business Ethics are available on our website under the Investor Relations section at investor.wdc.com. In accordance with rules adopted by the Securities and Exchange Commission and The NASDAQ Stock Market LLC (NASDAQ Stock Market), we intend to promptly disclose future amendments to certain provisions of the Code of Business Ethics, or waivers of such provisions granted to executive officers and directors, on our website under the Investor Relations section at investor.wdc.com.

Director Independence

Our Board of Directors has reviewed and discussed information provided by the directors and our company with regard to each director s business and personal activities, as well as those of the director s immediate family members, as they may relate to Western Digital or its management. The purpose of this review is to determine whether there are any transactions or relationships that would be inconsistent with a determination that a director is independent under the listing standards of the NASDAQ Stock Market. Based on its review, the Board of Directors has affirmatively determined that, except for serving as a member of our Board of Directors, none of Messrs. DeNero, Kimsey, Lambert, Lauer, Massengill, Moore, Oka, Pardun, Shakeel and Yamamura or Ms. Cote has any relationship that, in the opinion of the Board of Directors, would interfere with the director s exercise of independent judgment in carrying out his or her responsibilities as a director, and that each of such directors qualifies as independent as defined by the listing standards of the NASDAQ Stock Market. Messrs. Mr. Coyne is a current full-time, executive-level employee of Western Digital and, therefore, is not independent as defined by the listing standards of the NASDAQ Stock Market.

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Board Leadership Structure

Our Board of Directors does not have a policy with respect to whether the role of the Chairman and the Chief Executive Officer should be separate and, if it is to be separate, whether the Chairman should be selected from the non-employee directors or be an employee. However, our Corporate Governance Guidelines require that, if the Chairman of the Board is not an independent director, the chairman of the Governance Committee will serve as a lead director. The lead director will act as a liaison between the independent directors and management and is responsible for assisting the Chairman in establishing the agenda for Board meetings, for coordinating the agenda for, and chairing, the executive session of the non-management directors, and for performing such other duties as may be specified by the Board from time to time.

We currently separate the roles of Chief Executive Officer and Chairman. The Board of Directors believes this is the appropriate leadership for our company at this time because it permits our Chief Executive Officer to focus on setting the strategic direction of the company and the day-to-day leadership and performance of the company, while permitting the Chairman to focus on providing guidance to the Chief Executive Officer and setting the agenda for Board meetings. The Board also believes that the separation of the Chief Executive Officer and Chairman roles assists the Board in providing robust discussion and evaluation of strategic goals and objectives. However, our Board of Directors acknowledges that no single leadership model is right for all companies at all times. As such, our Board of Directors periodically reviews its leadership structure and may, depending on the circumstances, choose a different leadership structure in the future.

Risk Oversight and Compensation Risk Assessment

Board s Role in Risk Oversight. The Board of Directors role in risk oversight involves both the full Board of Directors and its committees. The Audit Committee, whose charter requires it to review and discuss the company s policies with respect to risk assessment and risk management, has primary responsibility for oversight of our enterprise risk management, or ERM, program on behalf of the Board. Our chief audit executive, who reports independently to the Audit Committee, facilitates the ERM process as part of our strategic planning process. As part of the ERM process, each of our major business unit and functional area heads, with the assistance of their staff, semi-annually completes a questionnaire used to identify risks that could affect achievement of our business goals and strategy, and the actions taken or to be taken to mitigate and/or respond to such risks. Representatives from our internal audit function also interview these individuals to elicit additional information. After input from these individuals is received, our internal audit function summarizes the results of the questionnaires and interviews and provides an analysis to a summary review committee for each of our WD and HGST subsidiaries consisting of all individuals reporting to that respective subsidiary President. At each summary review committee meeting, the risks for that subsidiary are reviewed and commented upon as to risk likelihood and impact. The analysis is updated based on input from the summary review committees, and an analysis is again performed to create a consolidated company risk profile. All three analyses are provided to the WDC Chief Executive Officer, WDC President and WDC Chief Financial Officer for final review. Once the analysis is finalized, it is reviewed and discussed by the Audit Committee. Senior management then reviews the analysis with the Board of Directors on at least an annual basis. The final analyses, including the input from the Audit Committee and full Board, is then reviewed with the respective summary review committee for each subsidiary and used by our internal audit function in its internal audit planning. In addition, an abbreviated analysis is also reviewed and updated by senior management on a quarterly basis in connection with the preparation of the risk factors included in our periodic reports. In addition to the formal ERM program, each of the other Board committees is charged with identifying potential risks to the company during the course of their respective committee work. If a committee identifies a potential risk during the course of its work, the potential risk is to be raised to the Audit Committee and full Board for inclusion in the ERM program discussed above. In addition, the Board as a whole is updated throughout the year on specific risks and mitigating controls in the course of its review of our strategy and business plan and through reports to the Board by its respective committees and senior members of management.

Our Board of Directors believes that the processes it has established for overseeing risk would be effective under a variety of leadership frameworks and therefore do not materially affect its choice of leadership structure as described under Board Leadership Structure above.

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Compensation Risk Assessment. Consistent with Securities and Exchange Commission disclosure requirements, in August 2012 we reviewed our compensation policies and practices to determine whether they encourage excessive risk taking. Although all compensation programs worldwide were reviewed, the focus was on the programs with variability of payout. Based on this comprehensive review, we concluded that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the company for the following reasons:

- We believe our programs appropriately balance short- and long-term incentives;
- Our long-term incentive grants for senior management are allocated between stock options, restricted stock units and long-term cash awards, which provide a balance of incentives;
- Our long-term incentive awards generally are granted on an annual basis with long-term, overlapping vesting periods to motivate eligible recipients to focus on sustained stock price appreciation;
- Cash and equity incentive plans contain a cap on the maximum payout; the Compensation Committee (or other applicable program administrator) generally retains authority to reduce the incentive plan payouts in its discretion;
- In determining whether to exercise its authority to reduce cash incentive plan payouts, the plan administrator may consider qualitative factors beyond the quantitative financial metrics, including compliance and ethical behaviors;
- Our long-term cash incentive awards are not overly reliant on one performance measure and generally include a mix of sales and profitability targets to mitigate the risk of employees focusing exclusively on short term top-line growth at the expense of sustained profitability;
- Our Chief Executive Officer s significant equity holdings help protect against short-term risk taking at the expense of long-term growth and stability;
- Our executive stock ownership guidelines require that all of our senior executives hold a significant amount of our equity to further align their interests with stockholders over the long term, and all of our senior executives are in compliance with the guidelines; and
- We have a compensation recovery (clawback) policy applicable in the event an officer s misconduct leads to an accounting restatement.

Committees

Our Board of Directors has standing Executive, Audit, Compensation and Governance Committees. The Governance Committee, among other things, performs functions similar to a nominating committee. Our Board of Directors usually determines the membership of these committees at its organizational meeting held immediately after the annual meeting of stockholders. The following table identifies the current members of the committees:

Director	**Executive**	**Audit**	**Compensation**	**Governance**
Kathleen A. Cote		ü		ü
John F. Coyne	Chair			
Henry T. DeNero	ü	Chair		

William L. Kimsey		ü		
Michael D. Lambert			Chair	
Len J. Lauer			ü	
Matthew E. Massengill				
Roger H. Moore			ü	ü
Kensuke Oka				
Thomas E. Pardun(1)	ü		ü	Chair
Arif Shakeel				
Masahiro Yamamura				

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(1) Mr. Pardun is our current Chairman of the Board. Mr. Pardun is an independent director under the listing standards of the NASDAQ Stock Market and presides at all executive sessions of our non-management, independent directors.

Executive Committee

Committee Composition and Responsibilities. The Executive Committee operates pursuant to a written charter that is available on our website under the Investor Relations section at investor.wdc.com. As described in further detail in the written charter of the Executive Committee, between meetings of our Board of Directors, the Executive Committee may exercise all of the powers of our Board of Directors (except those powers expressly reserved to the Board of Directors or to another committee by applicable law or the rules and regulations of the Securities and Exchange Commission or the NASDAQ Stock Market) in the management and direction of the business and conduct of the affairs of the company, subject to any specific directions given by the Board of Directors.

Audit Committee

Committee Composition and Responsibilities. Our Board of Directors has affirmatively determined that all members of the Audit Committee are independent as defined under the listing standards of the NASDAQ Stock Market and applicable rules of the Securities and Exchange Commission and all members are audit committee financial experts as defined by rules of the Securities and Exchange Commission. The Audit Committee operates pursuant to a written charter that is available on our website under the Investor Relations section at investor.wdc.com. As described in further detail in the written charter of the Audit Committee, the key responsibilities of the Audit Committee include: (1) sole responsibility for the appointment, compensation, retention and oversight of our independent registered public accounting firm and, where appropriate, the termination or replacement of the independent registered public accounting firm; (2) an annual evaluation of the independent registered public accounting firm s qualifications, performance and independence, including a review and evaluation of the lead partner; (3) pre-approval of all auditing services and permissible non-auditing services to be performed by the independent registered public accounting firm; (4) receipt and review of the reports from the independent registered public accounting firm required annually and prior to the filing of any audit report by the independent registered public accounting firm; (5) review and discussion with the independent registered public accounting firm of any difficulties they encounter in the course of their audit work; (6) establishment of policies for the hiring of any current or former employee of the independent registered public accounting firm; (7) review and discussion with management and the independent registered public accounting firm of our annual and quarterly financial statements prior to their filing or public distribution; (8) general review and discussion with management of the presentation and information to be disclosed in our earnings press releases; (9) periodic review of the adequacy of our accounting and financial personnel resources; (10) periodic review and discussion of our internal control over financial reporting and review and discussion with our principal internal auditor of the scope and results of our internal audit program; (11) review and discussion of our policies with respect to risk assessment and risk management; (12) preparation of the audit committee report included in this Proxy Statement; (13) establishment of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of such complaints by company employees; (14) review of material pending legal proceedings involving the company and other material contingent liabilities; (15) review of significant conflicts of interest and related-party transactions to the extent required by our related person transaction policy or as required by applicable law; and (16) review of any other matters relative to the audit of our accounts and preparation of our financial statements that the Audit Committee deems appropriate.

Compensation Committee

Committee Composition and Responsibilities. Our Board of Directors has affirmatively determined that all members of the Compensation Committee are independent as defined under the listing standards of the NASDAQ Stock Market. The Compensation Committee operates pursuant to a written charter that is available on our website under the Investor Relations section at investor.wdc.com. As described in further detail in the written charter of the Compensation Committee, the Compensation Committee assists our Board of Directors and our management in defining our executive compensation policy and in carrying out various responsibilities relating to the compensation of our executive officers and directors, including: (1) evaluating and approving compensation for the Chief Executive Officer and for all other executive officers; (2) reviewing and making recommendations to the Board of Directors regarding non-employee director compensation; (3) overseeing the development and administration of our incentive and equity-based compensation plans, including the Incentive Compensation Plan, the 2004 Performance Incentive Plan, the Deferred Compensation Plan and the 2005 Employee Stock Purchase Plan; and (4) reviewing and making recommendations to the Board of Directors regarding changes to our benefit plans. The Compensation Committee is also responsible for reviewing and discussing with our management the Compensation Discussion and Analysis section included in this Proxy Statement, for determining whether to recommend to our Board of Directors that it be included in this Proxy Statement, and for preparing the Report of the Compensation Committee that sets forth the Compensation Committee s determination regarding the Compensation Discussion and Analysis section. The Compensation Committee charter authorizes the Compensation Committee to delegate any of its responsibilities to a subcommittee but the subcommittee must be comprised only of one or more members of the Compensation Committee. Under our equity award guidelines, however, the Compensation Committee does not delegate its authority to grant equity awards to any other committee, subcommittee or individual. The Compensation Committee has no current intention to delegate any of its other responsibilities to a subcommittee.

Role of Executive Officers in Administration of Compensation Program. While the Compensation Committee is responsible for approving all elements of compensation for our executive officers, certain of our executive officers and other employees assist the Compensation Committee in the administration of our executive compensation program, as explained in more detail in the Compensation Discussion and Analysis section under the heading Role of Executive Officers. No executive participates in any discussions or decisions regarding his or her own compensation.

Relationship with Compensation Committee Consultant. The Compensation Committee s practice has been to retain compensation consultants to provide objective advice and counsel to the Compensation Committee on all matters related to the compensation of executive officers and directors. For fiscal 2012, the Compensation Committee retained Mercer (US) Inc. (Mercer), a wholly owned subsidiary of Marsh & McLennan Companies, Inc. (MMC), as its compensation consultant, with Mercer attending all in-person meetings of the Compensation Committee held during the year. Mercer s fees for executive compensation consulting to the Compensation Committee in fiscal 2012 were approximately $192,500. A summary of the executive compensation services provided by Mercer during fiscal 2012 is included in the Compensation Discussion and Analysis section under the heading Role of the Compensation Consultant.

During fiscal 2012, certain MMC affiliates were retained by company management to provide services unrelated to executive compensation, including welfare plan consulting, actuarial and plan administration services with respect to the company s general health and welfare benefit plans and programs. The aggregate fees paid for those other services in fiscal 2012, either directly by the company or via commissions from third party insurers, were approximately $587,000. These services were approved by company management in the ordinary course of business. As described in more detail in the Compensation Discussion and Analysis, Mercer and its affiliates have established and followed safeguards between the executive compensation consultants engaged by the Compensation Committee and the other MMC service providers to the company, which are designed to help ensure that the Compensation Committee s executive compensation consultants continue to fulfill their role in providing objective, unbiased advice.

Additional information concerning the Compensation Committee s processes and procedures for consideration and determination of non-employee director compensation is included below under Director Compensation.

Governance Committee

Committee Composition and Responsibilities. Our Board of Directors has affirmatively determined that all members of the Governance Committee are independent as defined under the listing standards of the NASDAQ Stock Market. The Governance Committee, which (among other things) performs functions similar to a nominating committee, operates pursuant to a written charter that is available on our website under the Investor

Relations Governance section at www.westerndigital.com. As described in further detail in the written charter of the Governance Committee, the key responsibilities of the Governance Committee include: (1) developing and recommending to the Board of Directors a set of corporate governance principles; (2) evaluating and recommending to the Board of Directors the size and composition of the Board of Directors and the size, composition and functions of the committees of the Board of Directors; (3) developing and recommending to the Board of Directors a set of criteria for membership; (4) identifying, evaluating, attracting, and recommending director candidates for membership on the Board of Directors, including directors for election at the annual meeting of stockholders; (5) making recommendations to the Board of Directors on such matters as the retirement age, tenure and resignation of directors; (6) managing the Board of Directors performance review process and reviewing the results with the Board of Directors on an annual basis; (7) overseeing the evaluation of the Chief Executive Officer by the Compensation Committee; and (8) reviewing and making recommendations to the Board of Directors regarding proposals of stockholders that relate to corporate governance.

Director Candidates. Whenever a vacancy occurs on our Board of Directors, the Governance Committee is responsible for identifying and attracting one or more candidates to fill that vacancy, evaluating each candidate and recommending a candidate for selection by the full Board of Directors. In addition, the Governance Committee is responsible for recommending nominees for election or re-election to the Board of Directors at each annual meeting of stockholders. The Governance Committee is authorized to use any methods it deems appropriate for identifying candidates for Board of Directors membership, including considering recommendations from incumbent directors and stockholders. The Governance Committee is authorized to engage, but during fiscal 2012 did not utilize the services of, an outside search firm to identify suitable potential director candidates.

Once a list of potential candidates is collected, the Governance Committee evaluates the candidates through committee discussions, the assistance of a third party search firm and/or candidate interviews to identify the candidate(s) most likely to advance the interests of our stockholders. While the Governance Committee has no specific minimum qualifications in evaluating a director candidate, our Corporate Governance Guidelines set forth critical factors to be considered in selecting director nominees, which include: the nominee s personal and professional ethics, integrity and values; the nominee s intelligence, judgment, foresight, skills, experience (including understanding of marketing, finance, our technology and other elements relevant to the success of a company such as ours) and achievements, all of which the Governance Committee views in the context of the overall composition of the Board of Directors; the absence of any conflict of interest (whether due to a business or personal relationship) or legal impediment to, or restriction on, the nominee serving as a director; having a majority of independent directors on the Board of Directors; and representation of the long-term interests of the stockholders as a whole and a diversity of backgrounds and expertise which are most needed and beneficial to the Board of Directors and to Western Digital. While our Corporate Governance Guidelines do not prescribe specific diversity standards, the Governance Committee considers diversity in the context of the Board as a whole and takes into account the personal characteristics, experience and skills of current and prospective directors to ensure that a broad range of perspectives are represented on the Board. The Governance Committee and the entire Board of Directors conducts a review of the composition of the Board in light of the factors described above at least annually.

Stockholder Recommendations. A stockholder may recommend a director candidate to the Governance Committee by delivering a written notice to our Secretary at our principal executive offices and including the following in the notice: (1) the name and address of the stockholder as they appear on our books or other proof of share ownership; (2) the class and number of shares of our common stock beneficially owned by the stockholder as of the date the stockholder gives written notice; (3) a description of all arrangements or understandings between the stockholder and the director candidate and any other person(s) pursuant to which the recommendation or nomination is to be made by the stockholder; (4) the name, age, business address and residence address of the director candidate and a description of the director candidate s business experience for at least the previous five years; (5) the principal occupation or employment of the director candidate; (6) the class and number of shares of our common stock beneficially owned by the director candidate; (7) the consent of the director candidate to serve as a member of our Board of Directors if elected; and (8) any other information required to be disclosed with respect to such director candidate in solicitations for proxies for the election of directors pursuant to applicable rules of the Securities and Exchange Commission. The Governance Committee

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may require additional information as it deems reasonably required to determine the eligibility of the director candidate to serve as a member of our Board of Directors.

The Governance Committee will evaluate director candidates recommended by stockholders for election to our Board of Directors in the same manner and using the same criteria as used for any other director candidate. If the Governance Committee determines that a stockholder-recommended candidate is suitable for membership on the Board of Directors, it will include the candidate in the pool of candidates to be considered for nomination upon the occurrence of the next vacancy on the Board of Directors or in connection with the next annual meeting of stockholders. Stockholders recommending candidates for consideration by the Board of Directors in connection with the next annual meeting of stockholders should submit their written recommendation no later than June 1 of the year of that meeting.

Stockholders who wish to nominate a person for election as a director in connection with an annual meeting of stockholders (as opposed to making a recommendation to the Governance Committee as described above) must deliver written notice to our Secretary in the manner described in Section 2.11 of our By-laws and within the time periods set forth on page 6 above in response to the question, *May I propose actions for consideration at next year s annual meeting or nominate individuals to serve as directors?*

Meetings and Attendance

During fiscal 2012, there were 8 meetings of the Board of Directors, 13 meetings of the Audit Committee, 10 meetings of the Compensation Committee, 3 meetings of the Governance Committee and no meetings of the Executive Committee. Each of the directors attended 75% or more of the aggregate number of meetings of the Board of Directors and the committees of the Board of Directors on which he or she served during the period that he or she served in fiscal 2012.

Our Board of Directors strongly encourages each director to attend our annual meeting of stockholders. All of our directors attended last year s annual meeting of stockholders.

Communicating with Directors

Our Board of Directors provides a process for stockholders to send communications to the Board of Directors, or to individual directors or groups of directors. In addition, interested parties may communicate with our non-executive Chairman of the Board (who presides over executive sessions of the non-management directors) or with the non-management directors as a group. The Board of Directors recommends that stockholders and other interested parties initiate any communications with the Board of Directors (or individual directors or groups of directors) in writing. These communications should be sent by mail to company s Secretary at Western Digital Corporation, 3355 Michelson Drive, Suite 100, Irvine, California 92612. This centralized process will assist the Board of Directors in reviewing and responding to stockholder and interested party communications in an appropriate manner. The name of any specific intended Board of Directors recipient or recipients should be clearly noted in the communication (including whether the communication is intended only for our non-executive Chairman of the Board or for the non-management directors as a group). The Board of Directors has instructed the Secretary to forward such correspondence only to the intended recipients; however, the Board of Directors has also instructed the Secretary, prior to forwarding any correspondence, to review such correspondence and not to forward any items deemed to be of a purely commercial or frivolous nature (such as spam) or otherwise obviously inappropriate for the intended recipient s consideration. In such cases, the Secretary may forward some of the correspondence elsewhere within Western Digital for review and possible response.

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DIRECTOR COMPENSATION

Executive Summary

We believe that it is important to attract and retain exceptional and experienced directors who understand our business, and to offer compensation opportunities that further align the interests of those directors with the interests of our stockholders. To that end, for non-employee directors other than the Hitachi Designated Directors identified below, we established a director compensation program for fiscal 2012 consisting of a combination of:

- annual and committee retainer fees, which directors may elect to receive in a combination of cash, common stock and/or deferred stock units under our Non-Employee Directors Stock-for-Fees Plan; and

- equity incentive awards in the form of stock options and restricted stock units.

We also permit directors (other than the Hitachi Designated Directors) to participate in our Deferred Compensation Plan. Directors who are also one of our employees are generally not entitled to additional compensation under our director compensation program for serving as a director.

Our Compensation Committee reviews our non-employee director compensation on an annual basis. As part of this review, the Compensation Committee s compensation consultant, Mercer, reviews and evaluates the competitiveness of our director compensation program in light of general director compensation trends and director compensation programs of the peer group companies we use to evaluate our executive compensation program, which are listed in the Compensation Discussion and Analysis section below. After receiving input from its compensation consultant, the Compensation Committee makes recommendations to the full Board of Directors regarding any changes in our non-employee director compensation program that the Compensation Committee determines are advisable. Our director compensation program and the changes made to the program for fiscal 2012 are described in more detail in the tables and narrative that follow.

Pursuant to the internal requirements of Hitachi, the Hitachi Designated Directors did not receive any compensation for their services on the Board of Directors in fiscal 2012 and did not participate in any of the director compensation programs described below in fiscal 2012. We are in discussions with Hitachi on the compensation payable to Hitachi for the services of the Hitachi Designated Directors in fiscal 2013 and beyond.

Director Compensation Table for Fiscal 2012

The table below summarizes the compensation of each of our directors for fiscal 2012 who is not also employed by us or one of our subsidiaries (referred to in this Proxy Statement as non-employee directors). Mr. Coyne was one of our named executive officers during fiscal 2012 and information regarding compensation to him for fiscal 2012 is presented below in the Fiscal Years 2010 2012 Summary Compensation Table and the related explanatory tables. As our employee, Mr. Coyne did not receive any additional compensation for his services as a director.

	Fees Earned or Paid in Cash ($)(2)	Stock Awards ($)(3)(4)	Option Awards ($)(3)(5)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Kathleen A. Cote	87,500	124,978	122,626				335,104
Henry T. DeNero	100,000	124,978	122,626				347,604
William L. Kimsey	85,000	124,978	122,626				332,604
Michael D. Lambert	90,000	124,978	122,626				337,604
Len J. Lauer	80,000	124,978	122,626				327,604
Matthew E. Massengill	75,000	124,978	122,626				322,604
Roger H. Moore	82,500	124,978	122,626				330,104
Kensuke Oka(1)							

Thomas E. Pardun	190,000	124,978	122,626	437,604
Arif Shakeel	75,000	124,978	122,626	322,604
Masahiro Yamamura(1)				

(1) Messrs. Oka and Yamamura were appointed to the Board of Directors on May 17, 2012 pursuant to an Investor Rights Agreement, dated March 8, 2012, between us and Hitachi, Ltd. Messrs. Oka and Yamamura are referred to in this Proxy Statement as the Hitachi Designated Directors.

(2) For a description of the fees earned by the non-employee directors other than the Hitachi Designated Directors during fiscal 2012, see the disclosure under Fiscal 2012 Director Compensation Program for Non-Hitachi Designated Directors below. As indicated above, pursuant to the internal requirements of Hitachi, the Hitachi Designated Directors did not receive any compensation for their services on the Board of Directors in fiscal 2012.

(3) The amounts shown reflect the aggregate grant date fair value of equity awards granted in fiscal 2012 computed in accordance with ASC 718 (formerly FAS 123(R)). These amounts were calculated using a binomial option-pricing model based on the assumptions described in Note 8 in the Notes to Consolidated Financial Statements included in our 2012 Form 10-K, but exclude the impact of estimated forfeitures related to service-based vesting conditions. No stock awards or option awards were forfeited by any of our non-employee directors during fiscal 2012.

(4) On November 10, 2011, each non-employee director other than the Hitachi Designated Directors was automatically granted an award of 4,846 restricted stock units under our Non-Employee Director Restricted Stock Unit Grant Program. The grant date fair value of each of these awards was $124,978. See footnote (3) above for the assumptions used to value these awards. Our Non-Employee Director Restricted Stock Unit Grant Program is more fully described below under Non-Employee Director Equity Awards.

In addition, the following table presents the aggregate number of shares of our common stock covered by stock awards held by each of our non-employee directors on June 29, 2012:

Name	**Aggregate Number of Unvested Restricted Stock Units**	**Aggregate Number of Deferred Stock Units(a)**
Kathleen A. Cote	11,879	29,188
Henry T. DeNero	11,879	53,684
William L. Kimsey	11,879	2,708
Michael D. Lambert	11,879	
Len J. Lauer	9,274	
Matthew E. Massengill	11,879	
Roger H. Moore	11,879	57,567
Kensuke Oka		
Thomas E. Pardun	11,879	31,115
Arif Shakeel	11,879	
Masahiro Yamamura		

(a) This amount consists of stock units that the director has elected to defer under our Deferred Compensation Plan pursuant to (i) our Non-Employee Directors Stock-for-Fees Plan in lieu of all or a portion of annual retainer or meeting fees earned by the director during the year of the election, and/or (ii) our Non-Employee Director Restricted Stock Unit Grant Program under our 2004 Performance Incentive Plan. The deferred stock units are fully vested and are payable in an equivalent number of shares of our common stock on the payment date specified in accordance with the non-employee director s deferral election. For a description of the Non-Employee Directors Stock-for-Fees Plan, the Non-Employee Director Restricted Stock Unit Grant Program and the Deferred Compensation Plan, see Fiscal 2012 Director Compensation Program for Non-Hitachi Designated Directors below.

(5) On November 10, 2011, pursuant to our Non-Employee Director Option Grant Program, our Board of Directors approved a grant to each of our non-employee directors other than the Hitachi Designated Directors of a stock option to purchase 11,542 shares of our common stock. Each such stock option has a per-share exercise price of $25.79, which is equal to the closing market price of a share of our common stock on the grant date. The grant date fair value of each of these awards was $122,626. See footnote (3) above for the

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assumptions used to value these awards. Our Non-Employee Director Option Grant Program is more fully described below under Non-Employee Director Equity Awards.

In addition, the following table presents the aggregate number of shares of our common stock covered by stock options held by each of our non-employee directors on June 29, 2012:

	Aggregate Number of Securities Underlying Stock Options		
Name	Vested and Exercisable (#)	Unvested (#)	Total (#)
Kathleen A. Cote	61,208	21,541	82,749
Henry T. DeNero	37,399	21,541	58,940
William L. Kimsey	38,708	21,541	60,249
Michael D. Lambert	51,208	21,541	72,749
Len J. Lauer	14,484	31,379	45,863
Matthew E. Massengill	38,708	21,541	60,249
Roger H. Moore	22,445	21,541	43,986
Kensuke Oka			
Thomas E. Pardun	71,208	21,541	92,749
Arif Shakeel	32,650	21,541	54,191
Masahiro Yamamura			

Fiscal 2012 Director Compensation Program for Non-Hitachi Designated Directors

The following section describes the elements and other features of our director compensation program for fiscal 2012 for non-employee directors other than the Hitachi Designated Directors.

Non-Employee Director Fees

Annual Retainer and Committee Retainer Fees. The director retainer fees are payable based on Board and committee service from Annual Meeting to Annual Meeting and are paid in a lump sum immediately following the Annual Meeting marking the start of the year. Directors who are appointed to the Board during the year are paid a pro-rata amount of the annual director retainer fees based on service to be rendered for the remaining part of the year after appointment.

The following table sets forth the schedule of the annual retainer and committee membership fees for non-employee directors for fiscal 2012.

Type of Fee	Current Annual Fee
Annual Retainer	$ 75,000
Lead Independent Director Retainer	$ 20,000
Non-Executive Chairman of the Board Retainer	$ 100,000
Additional Committee Retainers	
Audit Committee	$ 10,000
Compensation Committee	$ 5,000
Governance Committee	$ 2,500
Additional Committee Chairman Retainers	
Audit Committee	$ 15,000
Compensation Committee	$ 10,000
Governance Committee	$ 7,500

The retainer fee to our lead independent director referred to above is paid only if our Chairman of the Board is one of our employees. If our Chairman of the Board is not one of our employees, the Chairman is entitled to the additional Non-Executive Chairman of the Board Retainer referred to above and we pay no additional lead independent director retainer.

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Non-employee directors do not receive a separate fee for each Board of Directors or committee meeting they attend. However, we reimburse our non-employee directors for reasonable out-of-pocket expenses incurred to attend each Board of Directors or committee meeting.

Non-Employee Directors Stock-for-Fees Plan. Under our Amended and Restated Non-Employee Directors Stock-for-Fees Plan, each non-employee director may elect prior to any calendar year to receive shares of our common stock in lieu of any or all of the annual retainer fee(s) otherwise payable to him or her in cash for that calendar year. We determine the number of shares of common stock payable to a non-employee director under the Non-Employee Directors Stock-for-Fees Plan by dividing the amount of the cash fee the director would have otherwise received by the closing market price of a share of our common stock on the date the cash fee would have been paid.

At the time of the election for a calendar year under our Non-Employee Directors Stock-for-Fees Plan, we also permit each non-employee director to defer receipt of any shares he or she has elected to receive in lieu of annual retainer or meeting fees otherwise payable to the director, and we refer to these deferred shares as deferred stock units. See Deferred Compensation Plan for Non-Employee Directors below for a further discussion of the material terms of our Deferred Compensation Plan as it applies to compensation deferred by our non-employee directors.

In fiscal 2012, none of our non-employee directors made an election to receive shares of our common stock or deferred stock units in lieu of annual retainer fees otherwise payable to the director for the year.

Non-Employee Director Equity Awards

Non-Employee Director Option Grant Program. Pursuant to our Non-Employee Director Option Grant Program adopted by our Board of Directors under our 2004 Performance Incentive Plan, we grant each non-employee director upon initial election or appointment to the Board of Directors an option to purchase a number of shares of our common stock that produces an approximate value for the option grant (using a Black-Scholes valuation) equal to $300,000 on the grant date. We also grant each member of the Board upon or as soon as practical after first becoming a non-employee director by virtue of retiring or otherwise ceasing to be employed by us an option to purchase a number of shares of common stock that produces an approximate value for the option grant (using a Black-Scholes valuation) equal to: (i) $125,000, divided by (ii) 365, multiplied by (iii) the number of days from the date such individual first becomes a non-employee director until the anticipated date of our next annual meeting of stockholders. In addition, after a non-employee director joins the Board of Directors, immediately following each annual meeting of stockholders if he or she has been re-elected as a director at that annual meeting, the non-employee director will receive an option to purchase a number of shares of our common stock that produces an approximate value for the option grant (using a Black-Scholes valuation) equal to $125,000 on the grant date. We use a Black-Scholes valuation to calculate the number of options to be granted under our Non-Employee Director Option Grant Program, rather than the binomial valuation methodology we use for financial statement reporting purposes, because the Black-Scholes methodology is more commonly used in the market data the Compensation Committee reviews in connection with its review of our director compensation program. As a result, there is generally a slight difference between the amount reported in the Director Compensation Table for a particular option grant and the option value intended to be granted under the Non-Employee Director Option Grant Program.

The per-share exercise price of stock options granted under our Non-Employee Director Option Grant Program equals the closing market price of a share of our common stock on the date of grant, and the options generally vest over a period of four years, with 25% vesting on the first anniversary of the grant date and 6.25% vesting at the end of each three-month period thereafter. In addition, all stock options granted under the Non-Employee Director Option Grant Program since November 6, 2007 have a seven-year term. Except as described in the next sentence, vested stock options will remain exercisable until the earlier of one year following the date the director ceases to be a director or the expiration date of the stock option. In the event the director retires after four years of service, all stock options granted to the director will immediately vest and will be exercisable by the director until the earlier of (i) three years after the director s retirement or (ii) the expiration of the original term of the option, provided that, for stock options granted after August 2009, at the date of retire-

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ment the director has served as a member of our Board from the grant date of the award through the day before the next annual meeting of stockholders following the grant date. Shares of common stock that we issue upon the exercise of stock options granted under the Non-Employee Director Option Grant Program are subject to the applicable share limits specified in our 2004 Performance Incentive Plan.

Non-Employee Director Restricted Stock Unit Grant Program. Our Board of Directors has adopted a Non-Employee Director Restricted Stock Unit Grant Program under our 2004 Performance Incentive Plan pursuant to which our non-employee directors automatically receive, immediately following each annual meeting of stockholders if he or she has been re-elected as a director at that annual meeting, an award of restricted stock units equal in value to $125,000 (based on the closing market value of an equivalent number of shares of our common stock on the grant date). We award non-employee directors who are newly elected or appointed to the Board of Directors after the date of the annual meeting for a given year a prorated award of restricted stock units for that year. We also award members of our Board a prorated award of restricted stock units upon or as soon as practical after first becoming a non-employee director by virtue of retiring or otherwise ceasing to be employed by us after the annual meeting for a given year. The number of restricted stock units subject to this prorated award is equal to: (i) the number of units subject to the immediately preceding annual unit award, divided by (ii) 365, multiplied by (iii) the number of days from the date such individual first becomes a non-employee director until the scheduled date for the immediately following annual meeting of stockholders. Each award of restricted stock units represents the right to receive an equivalent number of shares of our common stock on the applicable vesting date.

Restricted stock units generally vest 100% on the third anniversary of the grant date. However, if a director retires after having served as a director for at least four continuous years, all unvested restricted stock units will vest immediately upon the director s retirement, provided that, for restricted stock units granted after August 2009, at the date of retirement the director has served as a member of our Board from the grant date of the award through the day before the next annual meeting of stockholders following the grant date. If a director ceases to be a director for any reason (except removal) prior to meeting the eligibility requirements for accelerated vesting discussed above, then all of the unvested restricted stock units granted in the first twelve months prior to termination will terminate without vesting, one-third of all unvested restricted stock units granted within the second twelve-month period prior to termination will immediately vest and become payable, and two-thirds of all unvested restricted stock units granted within the third twelve-month period prior to termination will immediately vest and become payable. If dividends are paid prior to the vesting and payment of any restricted stock units granted to our non-employee directors, the director is credited with additional restricted stock units as dividend equivalents that are subject to the same vesting requirements as the underlying restricted stock units. Shares of common stock issued in respect of the Non-Employee Director Restricted Stock Unit Grant Program are subject to the applicable share limits specified in our 2004 Performance Incentive Plan.

Director Stock Ownership Guidelines. Under our director stock ownership guidelines, directors are prohibited from selling any shares of our common stock (other than in a same-day sale in connection with an option exercise to pay the exercise price of the option or to satisfy any applicable tax withholding obligations) unless they own qualifying shares with a market value of at least $300,000. Common stock, restricted stock units, deferred stock units and common stock beneficially owned by the director by virtue of being held in a trust, by a spouse or by the director s minor children are considered qualifying shares for purposes of the stock ownership requirement. Shares the director has a right to acquire through the exercise of stock options (whether or not vested) are not counted towards the stock ownership requirement.

Deferred Compensation Plan for Non-Employee Directors

For each calendar year, we permit each non-employee director to defer payment of between a minimum of $2,000 and a maximum of 80% of any cash compensation to be paid to the director during that calendar year in accordance with our Deferred Compensation Plan. If a director has elected to receive common stock pursuant to our Non-Employee Directors Stock-for-Fees Plan in lieu of annual retainer or meeting fees otherwise payable to the director, the director is also permitted to make a deferral election with respect to such common stock. In that event, we credit deferred stock units to the director s deferred compensation account in an amount equal to the cash fee the director would have otherwise received divided by the closing market price of a share of our common stock on the date the cash fee would have been paid. The deferred stock units carry no voting or dividend rights.

We also permit non-employee directors to defer payment of any restricted stock units awarded under our Non-Employee Director Restricted Stock Unit Grant Program beyond the vesting date of the award. Restricted stock units and other amounts deferred in cash by a director are generally credited and payable in the same manner as amounts deferred by our executive officers and other participants in our Deferred Compensation Plan as further described below under Fiscal 2012 Non-Qualified Deferred Compensation Table beginning on page 55.

COMPENSATION DISCUSSION AND ANALYSIS

When we refer to our executives or executive officers in this section, we mean:

- John F. Coyne, our Chief Executive Officer, who, on September 10, 2012, announced his decision to retire from the company, effective January 2, 2013;
- Wolfgang U. Nickl, who served as our Senior Vice President and Chief Financial Officer until August 2012 when he was promoted to Executive Vice President and Chief Financial Officer;
- Stephen D. Milligan, who joined us as our President on March 8, 2012 in connection with our acquisition of HGST and who will succeed Mr. Coyne as our Chief Executive Officer upon Mr. Coyne s retirement;
- Timothy M. Leyden, who served as our Chief Operating Officer until July 25, 2012 when he was appointed President of our WD Subsidiary; and
- James J. Murphy, our Executive Vice President, Worldwide Sales and Sales Operations.

These individuals are our named executive officers under Securities and Exchange Commission rules for fiscal 2012 and are listed in the Fiscal Years 2010 2012 Summary Compensation Table below.

Executive Summary

Western Digital is an information storage pioneer and long-time industry leader providing products and services on a global scale for people and organizations that collect, manage and use digital information. Managing our global business to provide long-term value for our stockholders requires a team of passionate, innovative, dedicated and experienced executives. Our overriding executive compensation philosophy is clear and consistent we pay for performance. Our executives are accountable for the performance of the company and the segments they manage and are compensated primarily based on that performance. We believe that our executive compensation program contributes to a high-performance culture where executives are expected to deliver results that drive sustained profitable growth.

Fiscal 2012 was one of the most challenging and exciting years in our 42-year history. During the year, we responded to two historic natural disasters the after-effects of the earthquake and tsunami in Japan and the severe flooding in Thailand beginning in early fiscal 2012, which resulted in the temporary suspension of our manufacturing operations in Thailand. While addressing the significant challenges resulting from these disasters, we completed the largest acquisition in the history of the industry, our acquisition of HGST for approximately $4.7 billion. When we entered into the agreement to acquire HGST, we believed that it provided the potential for strong financial returns, and we believe our financial results for fiscal 2012 (which include just over one full quarter of results from HGST) provide early support for that proposition. Specifically, in fiscal 2012 we reported record revenue of $12.5 billion, up over 31% from the prior year, and earnings of $6.58 per share, more than double the prior year earnings per share. We also generated over $3 billion in cash flow from operations during the year.

We believe that executive officer compensation for fiscal 2012 was consistent with the objectives of our compensation philosophy and with our performance. The key compensation actions taken by the Compensation Committee for our executive officers are summarized below:

Employment Agreements. On March 7, 2011, in connection with our entry into an agreement to acquire HGST from Hitachi, Ltd., we entered into a new employment agreement with Mr. Coyne, which has a term ending on March 8, 2017, the fifth anniversary of the closing of the transaction. We also entered into a five-year employment agreement with each of Mr. Milligan (who joined us as our President) and

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Mr. Leyden (who served as our Chief Operating Officer until July 25, 2012 when he was appointed President of our WD Subsidiary) that became effective upon the closing of the transaction. These employment agreements do not provide for any guaranteed bonuses or long-term incentive compensation, other than the grant of a two-year performance stock unit award granted in May 2012, as explained in more detail below. The agreements also do not contain any severance protection, although these executives participate in our severance plans applicable to all executive officers, and they do not include any tax gross-up provisions. The Compensation Committee determined that these employment agreements were appropriate and advisable in order to help maintain a consistent executive leadership team following the acquisition.

Base Salary. In August and September 2011, the Compensation Committee reviewed the fiscal 2012 base salary levels for executive officers other than Mr. Milligan, who did not join us until March 2012. For fiscal 2012, the Compensation Committee maintained base salary levels for all executive officers other than Mr. Nickl for whom the Compensation Committee approved an increase from $350,000 to $400,000, as explained in more detail below. As indicated above, in March 2012, in connection with the closing of our acquisition of HGST, the employment agreements we entered into with Messrs. Milligan and Leyden became effective. The employment agreement with Mr. Milligan established his initial annual base salary at $800,000. The employment agreement with Mr. Leyden included an increase in his annual base salary from $600,000 to $700,000. After these changes, we believe the base salary levels for our executive officers were within a reasonable range of our stated pay positioning strategy except as described below for Mr. Nickl whose base salary was below the range.

Semi-Annual Bonus Opportunity. In its August and September 2011 review, the Compensation Committee did not make any changes to the target bonus opportunities for executive officers. The employment agreement with Mr. Milligan established his initial annual target bonus opportunity at 125% of annual base salary. The employment agreement with Mr. Leyden included an increase to his annual target bonus opportunity from 100% to 110% of annual base salary. After these changes, target bonus opportunities for our executive officers were generally below our stated pay positioning strategy. For fiscal 2012, these bonus opportunities were earned based on achievement against pre-established adjusted earnings per share goals. Based on our adjusted earnings per share of $2.61 for the first half of fiscal 2012, the Compensation Committee approved payouts under our semi-annual bonus plan of 100% of target for Messrs. Coyne and Leyden, and 130% of target for Messrs. Nickl and Murphy. Based on our adjusted earnings per share of $5.87 for the second half of fiscal 2012, the Compensation Committee approved payouts under our semi-annual bonus plan of 195% of target for all named executive officers. (Please see page 35 for an explanation of adjusted earnings per share for fiscal 2012 to earnings per share under generally accepted accounting principles.)

Annual Long-Term Incentive Compensation. In September 2011, the Compensation Committee approved the grant of long-term incentive awards in the form of stock options, two-year performance cash awards and restricted stock units for executive officers other than Mr. Milligan, who did not join us until March 2012. These awards had a grant date value at the mid-point of pre-established grant guidelines for each such officer other than Mr. Nickl for whom the Compensation Committee approved a grant at the high end of the pre-established grant guidelines. These grants resulted in total direct compensation for our executive officers at or below our stated pay positioning strategy (other than for Mr. Murphy, as explained in more detail below). The Compensation Committee also approved payouts under the two-year performance cash awards granted in September 2010. These awards were earned based on achievement against pre-established cumulative revenue and operating income goals over fiscal 2011 and 2012. Based on our cumulative revenue and operating income performance over fiscal 2011 and 2012 of $22.0 billion and $2.55 billion, respectively, payouts were approved at 228% of target. For Mr. Milligan, in accordance with his employment agreement, in March 2012 the Compensation Committee approved an annual long-term incentive award with a grant date value at the mid-point of pre-established grant guidelines, split equally between stock options and restricted stock units.

Performance Stock Unit Awards. As indicated above, the employment agreements we entered into with Messrs. Coyne, Milligan and Leyden in connection with the HGST acquisition provide for the grant of a

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performance stock unit award. Each performance stock unit award represents a contractual right to receive a target number of shares of our common stock based on achievement of certain performance milestones to be established by the Compensation Committee relating to our acquisition of HGST. Subject to the executive s continued employment, 50% of the target number of shares are eligible to become earned and payable based on milestones to be established by the Compensation Committee for fiscal 2013, and 50% of the target number of shares are eligible to become earned and payable based on milestones to be established by the Compensation Committee for fiscal 2014. The actual number of shares of our common stock that may become earned and payable for each such fiscal year will range from 0% to 200% of the target number of shares based on the level of achievement of the milestones. The award for Mr. Coyne has a target grant date value of approximately $3.9 million, and the awards for Messrs. Milligan and Leyden each have a target grant date value of approximately $1.9 million. The Compensation Committee determined that these awards were advisable in order to drive specific performance related to the operation of the business following the HGST acquisition.

Special Retention Long-Term Incentive Compensation. In addition to the annual long-term incentive compensation awards described above, in May 2012, the Compensation Committee approved a special long-term incentive grant to Messrs. Nickl and Murphy. The grant was intended to recognize the exceptional performance of these executives during the acquisition of HGST and to retain and motivate such executives to continue to perform at a high level following the acquisition. The Compensation Committee determined in its judgment the size of the special grant based on the level it believed would provide the appropriate retention incentive for these executives. The grant date value of the awards was split equally between stock options and restricted stock units for each executive.

The following discussion summarizes in more detail our executive compensation program, including our compensation objectives and philosophies, the processes and sources of input that are considered in determining compensation for our named executive officers and an analysis of the compensation paid to or earned by our executive officers in fiscal 2012.

Our Executive Compensation Philosophy and Objectives

Our compensation philosophy for our executive officers is based on the belief that the interests of our executives should be closely aligned with the long-term success of our stockholders, employees, customers, suppliers and communicates in which we operate. To support this philosophy, a large portion of each executive officer s compensation is placed at risk and linked to the accomplishment of specific financial or operational goals that are expected to lead to increased value for our stockholders.

Our compensation policies and programs are designed to:

- attract, develop, reward and retain highly qualified and talented individuals;
- motivate executives to improve the overall performance of our company as a whole as well as the business group for which each executive is responsible, and reward executives when specific measurable results have been achieved;
- encourage accountability by giving the Compensation Committee flexibility to take each executive s individual contribution and performance into account in determining salaries and incentive awards;
- tie incentive awards to financial and non-financial metrics that we believe drive the performance of the company over the long term to further reinforce the linkage between the interests of our stockholders and our executives; and
- help ensure compensation levels are both externally competitive and internally equitable.

The Compensation Committee does not use a specific formula for allocating total direct compensation between variable and fixed compensation, between annual and long-term compensation or between cash and non-cash compensation. However, the Compensation Committee believes that a substantial portion of total direct compensation should be at-risk compensation (with the percentage of the executive s compensation that is at risk increasing as the executive s responsibility increases), as explained in more detail below under the heading Analysis of Direct Compensation Allocation.

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Determination of Executive Compensation

Role of the Compensation Committee

Our executive compensation program is administered by our Compensation Committee. The Compensation Committee is responsible for approving all elements of compensation for our executive officers. The Compensation Committee generally reviews the performance and compensation of our executive officers on an annual basis and at the time of hiring, a promotion or other change in responsibilities. The Compensation Committee s annual review typically occurs shortly after the completion of each fiscal year, with the review for fiscal 2012 compensation commencing in August 2011 and continuing during the Compensation Committee s meeting in September 2011.

While the Compensation Committee considers our target pay positioning strategy (described below) as one factor in setting compensation for our executives, the Compensation Committee s practice is to consider all elements of compensation, our compensation philosophy and objectives and a subjective evaluation of other relevant facts and circumstances when determining the appropriate level and mix of each element of compensation for our executive officers, including the following:

- the executive s experience, performance and judgment;
- survey and peer company market data prepared by the Compensation Committee s compensation consultant, as explained in more detail below;
- for executives other than the Chief Executive Officer, the Chief Executive Officer s recommendations;
- internal equity;
- summaries of prior and potential future compensation levels (referred to as tally sheets);
- succession planning and retention objectives;
- past and expected future contributions of the executive; and
- current company and economic conditions.

The compensation decisions made for fiscal 2012 are explained in more detail below under the section entitled Elements of Our Executive Compensation Program.

Role of Executive Officers

While no executive participates in any discussions or decisions regarding his or her own compensation, certain of our executive officers and other employees assist the Compensation Committee in the administration of our executive compensation process. Our Chief Executive Officer works with our Senior Vice President, Human Resources in reviewing the performance of the other named executive officers and developing recommendations to the Compensation Committee regarding the base salaries, bonuses, equity awards and other incentive compensation to these executives for consideration by the Compensation Committee at its annual review. While the Compensation Committee considers these recommendations, the Compensation Committee is solely responsible for making the final decision regarding compensation to our executive officers.

Our Senior Vice President, Human Resources also may provide internal and external compensation data to the Compensation Committee and its compensation consultant. Our Chief Financial Officer or his designee may provide input to the Compensation Committee on the financial targets for our performance-based compensation programs and may present data regarding the impact of compensation programs on our financial statements. Our General Counsel or his designee generally assesses and advises the Compensation Committee regarding the legal implications or considerations involving our compensation program.

The Compensation Committee alone is charged with approving the compensation of our Chief Executive Officer, although the Compensation Committee confers with other members of our Board of Directors in evaluating the Chief Executive Officer s performance and determining the Chief Executive Officer s compensation. Our Chief Executive Officer is not present for and does not participate in discussions concerning his own compensation.

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Role of the Compensation Consultant

The Compensation Committee s practice has been to retain compensation consultants to provide objective advice and counsel to the Compensation Committee on all matters related to the compensation of our executive officers and our compensation programs generally. Mercer (US) Inc. (Mercer) has been retained by the Compensation Committee as its compensation consultant. The Compensation Committee s relationship with Mercer is reviewed annually and has continued in fiscal 2012 with Mercer attending all in-person meetings of the Compensation Committee held during the year. Mercer s responsibilities for fiscal 2012 generally included:

- providing recommendations regarding the composition of our peer group (described below);
- gathering and analyzing publicly available data for the peer group;
- analyzing pay survey data;
- providing advice regarding best practices and compensation trends, including proxy advisory firms evolving positions on executive pay;
- reviewing and advising on the performance measures to be used in bonus and incentive plan formulas;
- reviewing and advising on management recommendations regarding target bonus levels, actual bonuses paid and the design and size of equity awards; and
- advising on the Compensation Committee s charter.

Mercer communicates regularly with management to gather information and review management proposals, but reports directly to the Compensation Committee. During fiscal 2012, certain affiliates of Marsh & McLennan Companies, Inc. (MMC), the parent company of Mercer, also provided welfare plan consulting, actuarial and plan administration services to the company with respect to the company s general employee benefit plans and programs, as explained in more detail in the section above entitled Compensation Committee. However, MMC and its affiliates established and followed safeguards between the executive compensation consultants engaged by the Compensation Committee and the other service providers to the company. Specifically, Mercer provided to the Compensation Committee an annual update on Mercer s financial relationship with the company, as well as written assurances that, within the MMC organization, the Mercer consultant who performs executive compensation services for the Compensation Committee has a reporting relationship and compensation determined separately from MMC s other lines of business and from its other work for the company. These safeguards were designed to help ensure that the Compensation Committee s executive compensation consultants continued to fulfill their role in providing objective, unbiased advice.

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Comparative Market Data

To assist the Compensation Committee during its annual review of the competitiveness of compensation levels and the appropriate mix of compensation elements to our executive officers, Mercer uses comparative market data on compensation practices and programs as well as guidance on industry best practices. The Compensation Committee, with guidance from Mercer and input from management, determines the composition of our peer group and reevaluates this group on an annual basis. The evaluation of the peer group generally occurs in May of each year. In May 2011, the Compensation Committee determined that our peer group for the fiscal 2012 annual compensation review would consist of 14 U.S.-based technology companies with size (primarily based on revenue) and business characteristics that we believe are comparable to us and who compete with us for executive talent. Most of the companies included in our fiscal 2012 peer group are, like us, included in the Dow Jones U.S. Technology, Hardware and Equipment Index, which the company has selected as the industry index for purposes of the stock performance graph appearing in our Annual Report for fiscal 2012. Below is a list of the companies in our peer group for fiscal 2012:

Fiscal 2012 Peer Group Companies

	Revenue(1) ($MM)	Market Value(2) ($MM)	Employees(3)
Advanced Micro Devices, Inc.	$ 6,379	$ 4,011	11,100
Applied Materials Inc.	$ 9,698	$ 14,672	12,973
Broadcom Corp.	$ 7,575	$ 18,602	9,590
Cisco Systems, Inc.	$ 45,566	$ 92,426	66,639
EMC Corporation	$ 20,960	$ 53,816	53,600
Intel Corporation	$ 54,527	$ 133,410	100,100
Lexmark International Group Inc.	$ 4,010	$ 1,890	13,300
Micron Technology Inc.	$ 8,411	$ 6,276	26,100
NetApp Inc.	$ 6,233	$ 11,602	12,149
Qualcomm	$ 18,368	$ 95,268	21,200
SanDisk Corporation	$ 5,231	$ 8,887	3,939
Seagate Technology	$ 14,939	$ 10,715	57,900
Texas Instruments Incorporated	$ 13,342	$ 32,831	34,759
Xerox Corporation	$ 22,591	$ 10,607	139,700
Western Digital Corporation	$ 12,478	$ 7,955	103,111

(1) Represents the most recent four quarters of revenue as of June 30, 2012.

(2) Market value as of June 30, 2012.

(3) Number of employees as disclosed in the most recent Form 10-K.

The peer group for fiscal 2012 was the same as the peer group for fiscal 2011. The company s revenue approximates the 52nd percentile of the peer group. The peer group compensation data is taken from each company s most recent proxy statement and other Securities and Exchange

Commission filings.

The market data is also collected from the following independent published surveys:

Mercer US Premium Executive Remuneration Suite

Radford Executive Survey

Towers Perrin US CDB High Tech Executive Database

Towers Watson General Industry Top Management Compensation Survey Report - U.S.

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The survey data is filtered for high-technology companies (where such data is not available, the surveys are filtered for durable manufacturing companies or general industry), and is adjusted to screen for companies with revenue levels we believe are comparable to ours. In reviewing this market data, the Compensation Committee does not focus on any particular company used in the survey (other than the peer companies noted above). For individuals who are executive officers at the time of the annual review, the survey data and the peer group data are averaged (with the survey and peer group data weighted equally) to create what we refer to in this section as composite market data. (For officers who are not executive officers at the time of the annual review, generally only survey data is reviewed.) The composite market data, along with our target pay position strategy outlined below, then provides the Compensation Committee a reference point, which is then one of several factors (as described above) that it uses to make subjective compensation decisions during its annual review.

Consideration of Say-on-Pay Advisory Vote

At our 2011 Annual Meeting of Stockholders, more than 95% of the votes cast on the advisory Say-on-Pay proposal indicated approval of the fiscal 2011 compensation of our named executive officers. The Compensation Committee believes that the vote outcome is an indication that stockholders generally approve of the structure of our executive compensation program and, therefore, the Compensation Committee structured executive compensation for fiscal 2012 in a way that is generally consistent with fiscal 2011. Stockholders will have an opportunity annually to cast an advisory vote in connection with named executive officer compensation.

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Elements of Our Executive Compensation Program

Our current executive compensation program consists of several elements. The following chart briefly summarizes the general characteristics of each element of direct compensation, the compensation objectives we believe the element helps us achieve and the Compensation Committee s target pay position for such element based on the relevant composite market data. Actual pay for individual executive officers can and does vary from our target pay positioning as discussed below.

Element of Direct Compensation	Characteristics	Purpose	Target Pay Position
Base Salary	Fixed component. Annually reviewed by Compensation Committee and adjusted, if and when appropriate.	To attract, develop, reward and retain highly-qualified executive talent and to maintain a stable management team. To compensate executives for sustained individual performance.	Targeted at the median based on composite market data.
Semi-Annual Bonus Opportunity	Performance-based semi-annual cash bonus opportunity. Payable based on level of achievement of Committee-approved semi-annual company performance goals.	To motivate executives to achieve specified performance goals that drive overall company operational performance. To encourage accountability by rewarding based on performance. To attract, develop, reward and retain highly-qualified executive talent.	Targeted at a level such that, when added to base salary, target total annual cash compensation is between the median and the 75th percentile based on composite market data.
Long-Term Incentive Compensation	Performance-based long-term component. Generally granted annually in the form of a combination of stock options, restricted stock units and long-term performance cash awards. Amounts actually realized under awards will vary based on stock price appreciation and, in the case of performance vesting awards, company performance relative to Committee-approved performance goals.	To tie incentives to performance of our common stock over the long term. To reinforce the linkage between the interests of stockholders and our executives. To motivate executives to improve multi-year financial performance. To attract, develop, reward and retain highly-qualified executive talent.	Targeted at a level such that, when added to target total annual cash compensation, target total direct compensation is between the median and the 75th percentile based on composite market data.

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In addition to these elements of our direct compensation program, we also provide executives with relatively minimal perquisites and certain other indirect benefits, including participation in certain post-employment compensation arrangements. For an analysis of these other features of our compensation program, please refer to the section below entitled Other Features of our Executive Compensation Program.

The following sections describe each element of our direct compensation program in more detail and the process for determining the amount of compensation to be paid with respect to each element for fiscal 2012.

Base Salary

Executive officers are paid a base salary that the Compensation Committee believes is sufficient to attract highly-qualified executive talent and to maintain a stable management team. Base salaries are generally reviewed by the Compensation Committee as part of its annual compensation review and at the time of hiring, a promotion or other change in responsibilities. Base salary levels for our executive officers are determined by the Compensation Committee after considering our pay positioning strategy and a subjective evaluation of such factors as the competitive environment, our financial performance, the executive s experience level and scope of responsibility, and the overall need and desire to retain the executive in light of current performance, future performance, future potential and the overall contribution of the executive. The Compensation Committee exercises its judgment based on all of these factors in making its decisions. No specific formula is applied to determine the weight of each criterion.

For fiscal 2012, the Compensation Committee reviewed the base salaries paid to all our executive officers during its annual review in August and September 2011 (other than Mr. Milligan, who joined us in March 2012). In its fiscal 2012 review, the Compensation Committee concluded that base salary levels were within a reasonable range of our stated pay positioning strategy other than for Mr. Nickl, whose base salary level was significantly below our target pay positioning strategy due to his short tenure as our Chief Financial Officer. After a subjective evaluation of the factors listed above under the heading Role of the Compensation Committee, and in light of our pay positioning strategy, the Compensation Committee determined not to make any changes to the base salary levels for any executive officer other than Mr. Nickl. For Mr. Nickl, the Compensation Committee approved an increase in his annual base salary from $350,000 to $400,000. After this increase, Mr. Nickl s base salary remained below our stated pay positioning strategy, but the Compensation Committee determined that it was nonetheless appropriate in light of the factors described above.

As indicated above, in connection with the closing of the HGST acquisition, the employment agreements we entered into with each of Mr. Milligan and Mr. Leyden became effective in March 2012. The agreement with Mr. Milligan was negotiated with him and established his initial annual base salary at $800,000. While Mr. Milligan s base salary was above our stated pay positioning strategy, the Compensation Committee determined that it was nonetheless appropriate in light of Mr. Milligan s base salary at HGST, a subjective evaluation of his expected contributions to the company and the other factors listed above under the heading Role of the Compensation Committee. The agreement with Mr. Leyden was negotiated with him and provided for an increase in his annual base salary from $600,000 to $700,000. After this increase, Mr. Leyden s base salary was slightly above our stated pay positioning strategy but was determined by the Compensation Committee to be appropriate in light of the expected increase in Mr. Leyden s role following the acquisition.

Semi-Annual Incentive Compensation

Our Incentive Compensation Program, or ICP, formally links cash bonuses for executive officers and other participating employees to our semi-annual financial performance. We believe that the ICP is a valuable component of our overall compensation program because it assists us in achieving our compensation objective of motivating our executives to achieve specified financial and non-financial goals that help to drive our overall financial performance. The ICP also encourages accountability by rewarding executives based both on the actual financial performance achieved as well as a subjective evaluation by the Compensation Committee of other discretionary factors such as individual and business group performance.

Target Awards. The Compensation Committee establishes target bonus opportunities under the ICP for each executive officer that are expressed as a percentage of the executive s actual base salary earned for the semi-annual performance period. In establishing these target bonus opportunities, the Compensation Committee refers to our target pay positioning strategy for short-term incentives and its own subjective evaluation of the executive s position and responsibility. In its annual review in August and September 2011, the Compensation Committee determined that the short-term bonus opportunities for fiscal 2012 for each executive officer were within a reasonable range of our stated pay positioning strategy other than for Mr. Nickl, whose target bonus opportunity was significantly below our target pay positioning strategy due to his short tenure as our Chief Financial Officer. After a subjective evaluation of the factors listed above under the heading Role of the Compensation Committee, and in light of our pay positioning strategy, the Compensation Committee determined not to make any changes to the target bonus opportunity for any executive officer.

As indicated above, in connection with the closing of the HGST acquisition, the employment agreements we entered into with each of Mr. Milligan and Mr. Leyden became effective in March 2012. The agreement with Mr. Milligan established his initial target bonus opportunity of 125% of base salary. While Mr. Milligan s target bonus opportunity was above our stated pay positioning strategy, the Compensation Committee determined that it was nonetheless appropriate in light of Mr. Milligan s bonus opportunity at HGST, a subjective evaluation of his expected contributions to the company and the other factors listed above under the heading Role of the Compensation Committee. The agreement with Mr. Leyden provided for an increase in his target bonus opportunity from 100% to 110% of base salary. The Compensation Committee determined that Mr. Leyden s target bonus opportunity, after this increase, was within a reasonable range of our stated pay positioning strategy and appropriate in light of the expected increase in Mr. Leyden s role following the acquisition.

Performance Goal and Achievement Levels. Shortly after the start of each semi-annual performance period, the Compensation Committee establishes specific ICP achievement levels ranging between 0% and 200% of the target bonus opportunity for executive officers which correspond to specific operating and/or financial performance goals approved by the Compensation Committee. For both the first half and second half of fiscal 2012, the Compensation Committee selected adjusted earnings per share as the financial measure for the ICP. The Compensation Committee selected adjusted earnings per share as the appropriate performance goal for the fiscal 2012 ICP because it believed adjusted earnings per share is an appropriate holistic metric to measure the level of the company s short-term performance. For fiscal 2012, adjusted earnings per share was calculated as earnings per share under generally accepted accounting principles, adjusted to exclude litigation accruals and expenses incurred in connection with the flooding in Thailand and our acquisition of HGST. The Compensation Committee determined that it was appropriate to exclude these expenses for fiscal 2012 because the Compensation Committee did not consider them in setting the applicable targets for fiscal 2012 and believed these expenses were extraordinary and unrelated to the day-to-day execution of our business.

At the end of the applicable performance period, the Compensation Committee determines the ICP achievement level for executive officers based upon our performance against the goals established for the period. The Compensation Committee may adjust the achievement percentage upward (subject to a cap of 200%) or downward in its discretion based upon the recommendation of the Chief Executive Officer and a subjective evaluation of the company s performance as well as changes in the business and industry that occur during the performance period and how well we and our executive officers were able to adapt to those changes. The ICP achievement percentage, as adjusted by the Compensation Committee, determines the overall funding level for bonus payments to our executives for the applicable semi-annual performance period.

For the first half of fiscal 2012, the Compensation Committee set an adjusted earnings per share target of $2.27 correlated to a payout equal to 100% of the executives target bonus opportunities. Actual earnings per share under generally accepted accounting principles for the first half of fiscal 2012 was $1.62, which included $234 million, or $0.99 per share, in litigation accruals and expenses incurred in connection with the flooding in Thailand and our acquisition of HGST. As such, the actual adjusted earnings per share for the first half of fiscal 2012 was $2.61, resulting in a 152% achievement rate.

For the second half of fiscal 2012, the Compensation Committee set an adjusted earnings per share target of $2.90 correlated to a payout equal to 100% of the executive s target bonus opportunity. Actual earnings per share under generally accepted accounting principles for the second half of fiscal 2012 was $4.83, which included $263 million, or $1.04 per share, in net expenses related to the HGST acquisition and the Thailand flooding and certain impairment and other expenses. As such, the actual adjusted earnings per share for the second half of fiscal 2012 was $5.87, which resulted in an achievement rate significantly above the maximum 200% permitted by the plan.

Bonus Calculation and Discretionary Adjustments. Actual bonus amounts to the executive officers for each semi-annual performance period under the ICP are calculated by multiplying the executive s target semi-annual bonus opportunity by the achievement percentage approved by the Compensation Committee based on achievement of the applicable performance metrics. Following determination of the individual ICP bonus amounts for the applicable semi-annual period, the Compensation Committee reserves the discretion to further adjust the individual bonus payment to an executive officer based upon a subjective evaluation of his individual and business group performance.

For the first half of fiscal 2012, the Compensation Committee noted the exceptional performances of Messrs. Nickl and Murphy in responding to the unanticipated challenges resulting from the Thailand flooding. The Compensation Committee also noted the significant amount of charges excluded in the calculation of adjusted earnings per share, charges which we believed impacted our stock price. As a result, the Compensation Committee exercised its discretion to adjust the individual bonus payments to executive officers, approving payouts for Messrs. Coyne and Leyden at 100% of the executive s target bonus opportunity (rather than at the 152% achievement rate), and payouts for Messrs. Nickl and Murphy at 130% of the executive s target bonus opportunity (rather than at the 152% achievement rate).

For the second half of fiscal 2012, the Compensation Committee exercised its discretion to adjust the individual bonus payments to executive officers, approving payouts for all executive officers at 195% of the executive s target bonus opportunity (rather than at the 200% achievement rate) to provide bonus payouts to executive officers that were equivalent to the funding level of the bonus plan applicable to non-executive officers.

Please see the section entitled Incentive Compensation Plan on page 49 for a table that reflects each executive s target semi-annual bonus opportunity under the ICP for each half of fiscal 2012 and the actual semi-annual bonuses paid to the executive under the ICP for fiscal 2012.

Long-Term Incentive Compensation

The following section analyzes our long-term incentive (LTI) program and the LTI awards made to or earned by executive officers in fiscal 2012.

Fiscal 2012 Annual LTI Awards. Under our annual LTI program, described in more detail below, a combination of stock options, restricted stock units and/or long-term performance cash awards are generally granted on an annual basis to our executive officers and other key employees. Beginning in fiscal 2012, the Compensation Committee established annual LTI grant guidelines for each executive officer, including the Chief Executive Officer, which are based on the individual s position level, are expressed as a percentage of annual salary and range from a minimum, midpoint and maximum value. The annual LTI grant guidelines are reviewed by the Compensation Committee during its annual compensation review in connection with a review of the composite market data. For fiscal 2012, the following table includes the LTI grant guidelines for our named executive officers:

Name	**LTI Guideline As % of Base Salary**
Chief Executive Officer	600% - 1,000%
President; Subsidiary Presidents	400% - 600%
Executive Vice Presidents	200% - 500%
Senior Vice Presidents	100% - 350%

These long-term incentive guidelines are one factor the Compensation Committee considers when determining the grant value of the annual awards to each executive under the LTI program. The Compensation Committee also considers our target pay position strategy, the recommendation of our Chief Executive Officer (other than for the Chief Executive Officer s LTI award) and a subjective evaluation of the executive s responsibilities, individual performance, current compensation package, value of unvested equity awards and expected future contributions and value to the company.

After a review of these factors, for fiscal 2012, the Compensation Committee determined to grant a long-term incentive award to each executive officer other than Mr. Nickl at approximately the mid-point of the applicable grant range. The Compensation Committee concluded that these award values resulted in target total direct compensation for each executive officer that was within a reasonable range of our target pay positioning strategy and were otherwise appropriate after considering our Chief Executive Officer s recommendation, its own subjective evaluation of the individual s performance during the year, each officer s relative contributions and importance to the continued success of the company. For Mr. Nickl, the Compensation Committee determined to grant a long-term incentive award at the high end of the applicable grant range in light of Mr. Nickl s performance as our Chief Financial Officer and as a result of his target compensation being below our stated pay positioning.

Once the grant value for these executives was determined, other than for Mr. Milligan, the Compensation Committee allocated approximately 40% of the value to stock options (based on the Black-Scholes value of the options), 30% to restricted stock units (based on the closing market price of our common stock), and 30% to a long-term performance cash award (based on the target value of the award). The Compensation Committee believes that this allocation of our annual LTI awards among these three vehicles strikes an appropriate balance between our compensation objectives of reinforcing the linkage between the interests of stockholders and our executives, retaining our executives and motivating our executives to improve the operating performance and profitability of our company, as explained in more detail below under the heading LTI Award Vehicles. For Mr. Milligan, who joined us on March 8, 2012, his annual LTI awards were granted at the end of March 2012, and the Compensation Committee determined to allocate his award value equally between stock options and restricted stock units.

LTI Award Vehicles. As explained above, under our fiscal 2012 LTI program, a combination of stock options, restricted stock units and/or long-term performance cash awards was granted to our executive officers. This section analyzes the rationale for selecting these LTI award vehicles and the goals and objectives these awards help us achieve.

Stock options are generally the largest component of our LTI program. We believe that stock options, which provide a reward to the executive only if the market price of the underlying shares increases over time, are inherently performance-based and serve as an effective means to achieve our compensation objective of motivating our executives to contribute to the long-term growth and profitability of our company and thereby create value for our stockholders, employees, customers, suppliers and communities in which we operate. Stock options also function as a retention incentive for our executives as they generally vest and become exercisable in periodic installments over a four-year period, contingent upon the executive s continued employment.

A portion of our long-term incentive compensation is generally allocated to restricted stock unit awards. Restricted stock units represent the right to receive an equivalent number of shares of our common stock at the time the restricted stock units vest without the payment of an exercise price or other consideration. Although a restricted stock unit award has some value regardless of stock price volatility, the value of restricted stock units fluctuates as the value of our common stock increases or decreases thereby helping to achieve our compensation objective of aligning our executives interests with those of our stockholders, employees, customers, suppliers and communities in which we operate. Restricted stock unit awards also assist us with retention in that they generally vest and become payable upon the third anniversary of grant, contingent upon the executive s continued employment through that date. We also believe that allocating some portion of our long-term incentives to restricted stock unit awards is appropriate and beneficial to stockholders because we can grant more grant date value per share with a restricted stock unit award than a stock option and thereby minimize the dilutive effect of such equity awards on stockholders.

Long-term performance cash awards represent the right to receive a payment of cash at the end of a fixed performance period (generally two fiscal years) depending upon our achievement of one or more operating and/or financial performance goals established by the Compensation Committee. The purpose of the performance cash awards is to focus executives on the achievement of key financial operating objectives over a multi-year period. The long-term cash awards granted early in fiscal 2012 cover fiscal years 2012 and 2013 and become payable at between 0% and 300% of the target award value based on the achievement of selected revenue and operating income targets for the cumulative two-year period, which the Compensation Committee believes helps

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us achieve our objective to drive the overall performance and profitability of our company. The Compensation Committee retains the authority to reduce (but not increase) the amounts payable under the awards in its discretion based on its subjective evaluation of such factors as it considers appropriate. The performance goals are subject to automatic adjustment at the end of the performance period in the same proportion by which the total available market (TAM) for hard drives during the performance period (as determined by published industry sources selected in advance) exceeds or falls short of the TAM for hard drives forecasted by the Board of Directors at the time the goals were established. (For example, if the TAM for fiscal years 2012 and 2013 exceeds the Board s forecasted TAM for that period by 10%, then the revenue and operating income targets for these awards correspondingly will be increased by 10%.) The Compensation Committee added the TAM adjustment factor to help ensure that achievement of the goals is not affected by swings in the available market for hard drives and that the awards reflect how successful the company is in achieving its operating objectives relative to the market opportunity available to the company. In addition, the Compensation Committee established certain minimum revenue and operating income goals that must be met, regardless of the TAM adjustment factor, before any amounts are payable under the awards. The Compensation Committee believed that, at the time they were established, the revenue and operating income targets corresponding to a 100% payout were challenging yet achievable based on expectations regarding market opportunities and contributions by our executives, and that the maximum revenue and operating income targets would be achievable only with extraordinary efforts and extraordinary company results. The average payout percentage for the last three long-term cash award cycles is 155%.

More information concerning the fiscal 2012 annual LTI grants to executive officers, including the threshold, target and maximum amounts payable under the long-term cash awards, is included in the Fiscal 2012 Grants of Plan-Based Awards Table below and the related narrative.

Performance Stock Unit Awards. As indicated above, the employment agreements we entered into with Messrs. Coyne, Milligan and Leyden in connection with the HGST acquisition provide for the grant of a performance stock unit award. The performance stock unit awards were granted to Messrs. Coyne, Milligan and Leyden in May 2012. Each performance stock unit award represents a contractual right to receive a target number of shares of our common stock based on achievement of certain performance milestones to be established by the Compensation Committee relating to our acquisition of HGST. Subject to the executive s continued employment, 50% of the target number of shares are eligible to become earned and payable based on milestones to be established by the Compensation Committee for fiscal 2013, and 50% of the target number of shares are eligible to become earned and payable based on milestones to be established by the Compensation Committee for fiscal 2014. The actual number of shares of our common stock that may become earned and payable for each such fiscal year will range from 0% to 200% of the target number of shares based on the level of achievement of the milestones. The award for Mr. Coyne has a target grant date value of approximately $3.9 million, and the awards for Messrs. Milligan and Leyden each have a target grant date value of approximately $1.9 million. The Compensation Committee determined that these awards and the particular grant levels were advisable in order to drive specific performance related to the operation of the business following the HGST acquisition.

Special LTI Awards. In addition to the annual long-term incentive compensation awards described above, in May 2012, the Compensation Committee approved a special long-term incentive grant to Messrs. Nickl and Murphy. The grant was intended to recognize the exceptional performance of these executives during the acquisition of HGST and to retain and motivate such executives to continue to perform at a high level following the acquisition. The Compensation Committee determined in its judgment the size of the special grant based on the level it believed would provide the appropriate retention incentive for these executives. The grant date value of the awards was split equally between stock options and restricted stock units for each executive.

Fiscal 2012 LTI Grant Payouts. Under our fiscal 2011 LTI program, the Compensation Committee granted a long-term cash award to each named executive officer with a performance period covering fiscal 2011 and fiscal 2012. The Compensation Committee selected two-year cumulative revenue and operating income, each weighted equally, as the performance goals for these long-term performance cash awards. The Compensation Committee established the goals at levels that it believed would incent management to increase revenue and operating income through acquisitions and, therefore, the goals were not modified to reflect the increased revenue and operating income accretive from the HGST acquisition. Revenue and operating income are calculated based on generally accepted accounting principles and are subject to the TAM adjustment factor described above.

The following table reflects the cumulative two-year revenue and operating income targets applicable to the long-term cash awards earned in fiscal 2012 (after application of the TAM adjustment factor, which resulted in the performance targets being adjusted downward by 7.1% from the original levels established by the Compensation Committee), the actual performance of the company over the performance period and the resulting payout percentage of the award.

Performance Metric	Target Goal (100% Payout)	Actual Performance	Resulting Payout Percentage	Weight	Total Payout Percentage
Revenue	$ 19.7 billion	$ 22.0 billion	156%	50%	78%
Operating Income	$ 1.73 billion	$ 2.55 billion	300%	50%	150%
				Total	228%

Please see the section entitled Long-Term Performance Cash Awards on page 50 for a table that reflects the amounts earned by executive officers under long-term performance cash awards in fiscal 2012 based on the performance described in the table above.

Analysis of Direct Compensation Allocation

As noted above, we do not use a specific formula for allocating total direct compensation between variable and fixed compensation or between annual and long-term compensation. However, our philosophy is that a substantial majority of our named executive officers compensation should be variable (with the percentage of the executive s compensation that is at risk increasing as the executive s responsibility increases), and that a substantial majority of variable compensation should be long-term compensation. We believe that this philosophy assists us in achieving our compensation objectives of motivating executives to improve our overall performance over the long term, encouraging accountability and better linking the interests of our stockholders with those of our executives.

The pie charts below illustrate how total direct compensation for our Chief Executive Officer and our other named executive officers for fiscal 2012 (excluding Mr. Milligan due to his partial employment for the year) was allocated between performance-based and fixed components and between annual and long-term components:

For purposes of the pie charts above, total compensation includes the sum of fiscal 2012 base salary, semi-annual bonuses under our ICP for fiscal 2012, the target value for the long-term cash award granted in fiscal 2012 and the grant-date fair value under ASC 718 (formerly FAS 123(R)) of equity incentives granted in fiscal 2012. Total compensation excludes immaterial amounts of compensation such as perquisites and indirect compensation such as Deferred Compensation Plan earnings and eligibility for post-termination benefits. Performance-based compensation includes all direct compensation other than base salary.

Other Features of our Executive Compensation Program

In addition to direct compensation, we also provide executives with relatively minimal perquisites and certain other benefits, including participation in certain post-employment compensation arrangements, which are described in more detail below.

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Perquisites

We provide our executive officers with minimal perquisites, consisting principally of a $5,000 annual allowance for financial planning services. In addition, executives are entitled to various other benefits that are available to all employees generally, including health and welfare benefits, paid holidays and other time off and participation in our 2005 Employee Stock Purchase Plan, a stockholder-approved, tax-qualified plan that allows employees to purchase a limited number of shares of our common stock at a discount.

Post-Employment Compensation

Retirement Benefits. We provide retirement benefits to our executive officers and other eligible employees under the terms of our tax-qualified 401(k) plan. Eligible employees may contribute up to 30% of their annual cash compensation up to a maximum amount allowed by the Internal Revenue Code and are also eligible for matching contributions. These matching contributions vest over a five-year service period. Our executive officers participate in the 401(k) plan on substantially the same terms as our other participating employees. The 401(k) plan and our matching contributions are designed to assist us in achieving our compensation objectives of attracting and retaining talented individuals and ensuring that our compensation programs are competitive and equitable. We do not maintain any defined benefit or supplemental retirement plans for our executive officers.

Deferred Compensation Opportunities. Our executives and certain other key employees who are subject to U.S. federal income taxes are eligible to participate in our Deferred Compensation Plan. Participants in the Deferred Compensation Plan can elect to defer certain compensation without regard to the tax code limitations applicable to tax-qualified plans. We did not make any company matching or discretionary contributions to the plan on behalf of participants in fiscal 2012. The Deferred Compensation Plan is intended to promote retention by providing employees with an opportunity to save for retirement in a tax-efficient manner. Please see the Fiscal 2012 Non-Qualified Deferred Compensation Table and related narrative section, Non-Qualified Deferred Compensation Plan, on page 55 below for a more detailed description of our Deferred Compensation Plan and the deferred compensation amounts that our executives have accumulated under the plan.

Severance and Change in Control Benefits. Our executive officers are eligible to receive certain severance and change in control benefits under various severance plans or agreements with us.

Our philosophy is that, outside of a change in control context, severance protections are only appropriate in the event an executive is involuntarily terminated by us without cause. In such circumstances, we provide severance benefits to our executive officers under our Executive Severance Plan. Severance benefits in these circumstances generally consist of two years base salary, a pro-rata bonus for the bonus cycle in which the termination occurs (assuming 100% achievement of performance targets), six months accelerated vesting of equity awards and certain continued health and welfare benefits.

We believe that the occurrence or potential occurrence of a change of control transaction will create uncertainty regarding the continued employment of our executive officers. This uncertainty results from the fact that many change of control transactions result in significant organizational changes, particularly at the senior executive level. In order to encourage executive officers to remain employed with us during an important time when their prospects for continued employment following the transaction are often uncertain, we provide our executive officers with additional severance protections under our Change of Control Severance Plan. We also provide severance protections under the plan to help ensure that executive officers can objectively evaluate change in control transactions that may be in the best interests of stockholders despite the potential negative consequences such transactions may have on them personally. Under the Change of Control Severance Plan, all of our executives are eligible to receive severance benefits if the executive is terminated by us without cause as well as if the executive voluntarily terminates his employment for good reason within one year after a change in control or prior to and in connection with, or in anticipation of, a change of control transaction. In the context of a change of control, we believe that severance is appropriate if an executive voluntarily terminates employment with us for a good reason because in these circumstances we believe that a voluntary termination for good reason is essentially equivalent to an involuntary termination by us without cause. Good reason generally includes certain materially adverse changes in responsibilities, compensation, benefits or location of work place. In such circumstances, we provide severance benefits to our named executive officers under our

Change of Control Severance Plan generally consisting of an amount equal to two times the executive s annual base salary and target bonus, accelerated vesting of certain equity awards and certain continued health and welfare benefits.

We believe that the severance benefits provided to our executive officers under the Executive Severance Plan and the Change of Control Severance Plan are appropriate in light of severance protections available to executives at our peer group companies and are an important component of each executive s overall compensation as they help us to attract and retain our key executives who could have other job alternatives that may appear to them to be more attractive absent these protections. Our severance arrangements do not include tax gross-up provisions.

Under our standard terms and conditions for stock options, restricted stock and restricted stock unit awards granted to our executive officers prior to September 2011, such awards generally will immediately vest upon the occurrence of a change in control event as defined in our 2004 Performance Incentive Plan. In addition, the standard terms and conditions of long-term performance cash awards granted to our executive officers prior to September 2011 provide that the long-term performance cash award will become immediately payable at its target level in the event of a change in control event. However, we generally do not believe that severance benefits should be paid unless there is an actual or, in the context of a change of control, constructive termination of an executive s employment without cause. As such, in September 2011, the Compensation Committee approved new forms of award agreement under the 2004 Performance Incentive Plan applicable to executive officers that provide, in general and in relevant part, for accelerated vesting of the awards only if there is both (1) a change in control event, and (2) the awards are to be terminated in connection with the change in control event or, within one year after the change in control event, the officer s employment is terminated by the company without cause or by the officer for good reason.

Please see the Potential Payments Upon Termination or Change in Control section beginning on page 56 below for a description and quantification of the potential payments that may be made to the executive officers in connection with their termination of employment or a change in control.

Other Executive Compensation Program Policies

Employment Agreements

The Compensation Committee does not have an established policy for entering into employment agreements with executive officers. Generally, absent other factors, the Compensation Committee s intent is to retain the flexibility to review and adjust compensation to our executive officers on at least an annual basis. In certain circumstances, however, we have entered into employment agreements with our executive officers where we determined that the retention of the executive during the term of the agreement was critical to our future success. In these cases, we may agree to fix some or all of the executive s compensation for the term of the agreement.

On March 7, 2011, in connection with our entry into an agreement to acquire HGST from Hitachi, Ltd., we entered into a new employment agreement with Mr. Coyne, which has a term ending on March 8, 2017, the fifth anniversary of the closing of the transaction. We also entered into a five-year employment agreement with each of Mr. Milligan (previously HGST s president and chief executive officer, who joined us as our President) and Mr. Leyden (who served as our Chief Operating Officer until July 25, 2012 when he was appointed President of our WD Subsidiary) that became effective upon the closing of the transaction. These employment agreements do not provide any guaranteed bonuses or long-term incentive compensation, other than the grant of a two-year performance stock unit award granted in May 2012, as explained in more detail above. The agreements do not contain any severance protection, although these executives participate in our severance plans applicable to all executive officers, and they do not include any tax gross-up provisions. The Compensation Committee determined that these employment agreements were appropriate and advisable in order to help maintain a consistent executive leadership team following the acquisition.

Please see the section entitled Subsequent Events on page 43 below for a description of the amended and restated employment agreement we entered into with Mr. Milligan on September 10, 2012.

Compensation Recovery Policy

Our Board of Directors adopted by resolution a compensation recovery policy whereby in the event of a restatement of the company s audited financial statements involving misconduct by an executive officer, a committee of the Board of Directors will consider whether such officer engaged in intentional financial accounting misconduct such that the officer should disgorge any net option exercise profits or cash bonuses attributable to such misconduct.

Equity Grant and Ownership Guidelines and Policies

Equity Award Grant Policy. We recognize that the granting of equity awards presents specific accounting, tax and legal issues. In accordance with the equity award grant policy adopted by our Board of Directors, all equity awards to our executives and other employees will be approved and granted only by the Compensation Committee at telephonic or in-person meetings that are scheduled in advance and that occur outside of our established blackout periods. The authority to grant equity awards will not be delegated to any other committee, subcommittee or individual and will not occur by unanimous written consent. It is also our intent that all stock option grants will have an exercise price per share equal to the closing market price of a share of our common stock on the grant date.

Executive Stock Ownership Guidelines. To help achieve our compensation objective of linking the interests of our stockholders with those of our executive officers, we have established executive stock ownership guidelines covering our senior executives, including our named executive officers. The guidelines provide that each executive achieve ownership of a number of qualifying shares with a market value equal to the specified multiple of the executive s base salary (in effect upon the later of February 6, 2008 or the date he or she first becomes subject to the guidelines) shown below.

Position	**Multiple**
CEO	5 x Salary
President/Subsidiary Presidents	3 x Salary
Executive Vice Presidents	2 x Salary
Senior Vice Presidents	1 x Salary

Each executive must achieve ownership of the required market value of shares before February 6, 2013 (or, if later, within three years of becoming subject to the guidelines). Thereafter, the executive must maintain ownership of at least the number of shares that were necessary to meet the executive s required market value of ownership on the date the requirement was first achieved (subject to certain adjustments in the event of a change in base salary or position). Ownership that counts toward the guidelines includes common stock, restricted stock units, restricted stock, deferred stock units and common stock beneficially owned by the executive by virtue of being held in a trust, by a spouse or by the executive s minor children. Shares the executive has a right to acquire through the exercise of stock options (whether or not vested) are not counted towards the stock ownership requirement. All of our current executive officers subject to the guidelines have met their required ownership level as of the date of this Proxy Statement.

IRC Section 162(m) Policy

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation in excess of $1 million paid to a company s chief executive officer and certain other highly compensated executive officers unless certain tests are met. It is our current intention that, so long as it is consistent with our overall compensation objectives and philosophy, executive compensation will be structured so as to be deductible for federal income tax purposes to the extent reasonably possible. Our 2004 Performance Incentive Plan has been structured so that any taxable compensation derived pursuant to the exercise of stock options approved by the Compensation Committee and granted under that plan should not be subject to the Section 162(m) deductibility limitations. In addition, in most cases, the long-term performance cash awards to our executive officers are intended to be exempt from the Section 162(m) deductibility limitations. Base salaries, bonuses under the ICP, cash retention awards, restricted stock or stock unit awards with time-based vesting, and the performance stock unit awards granted in May 2012 do not, however, satisfy all the requirements of

Section 162(m) and, accordingly, are not exempt from the Section 162(m) deductibility limitations. Nevertheless, the Compensation Committee has determined that these plans and policies are in our best interests and the best interests of our stockholders since the plans and policies help us to achieve our compensation objectives. The Compensation Committee will, however, continue to consider, among other relevant factors, the deductibility of compensation when it reviews our compensation plans and policies.

Subsequent Events

On August 7, 2012, Mr. Nickl was promoted from the position of Senior Vice President and Chief Financial Officer to the position of Executive Vice President and Chief Financial Officer. In conjunction with this promotion, the Compensation Committee approved an increase in Mr. Nickl s annual base salary to $450,000, and an increase in his target annual bonus opportunity under the ICP to 85% of his base salary.

On September 10, 2012, we announced that Mr. Coyne has decided to retire from the company on January 2, 2013. Mr. Milligan will succeed Mr. Coyne as our President and Chief Executive Officer upon Mr. Coyne s retirement. In connection with Mr. Milligan s appointment, we entered into an amended and restated employment agreement with Mr. Milligan. Under Mr. Milligan s new employment agreement, Mr. Milligan is entitled to an annual base salary of $1 million effective January 2, 2013, and he will have an annual target bonus under the ICP equal to 150% of his base salary effective with the performance period under the ICP covering the second half of fiscal 2013. Mr. Milligan s new employment agreement also provides that he will be granted an additional performance-based stock unit award at the first regularly scheduled meeting of the Compensation Committee after January 2, 2013. The target number of shares subject to the award will be determined by the Compensation Committee at that time so that the target number of shares subject to the award on the grant date will have a value of $2 million. The award will otherwise be on the same terms and conditions as the performance stock unit award previously granted to Mr. Milligan in May 2012.

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The following report of our Compensation Committee shall not be deemed soliciting material or to be filed with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, nor shall any information in this report be incorporated by reference into any past or future filing under the Securities Act of 1933, as amended (the Securities Act), or the Exchange Act, except to the extent that we specifically request that it be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act or the Exchange Act.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management, and based on that review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement for our 2012 Annual Meeting of Stockholders and incorporated by reference into our 2012 Annual Report on Form 10-K.

COMPENSATION COMMITTEE

Michael D. Lambert, Chairman

Len J. Lauer

Roger H. Moore

Thomas E. Pardun

August 7, 2012

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

All of the Compensation Committee members whose names appear on the Compensation Committee Report above were members of the Compensation Committee during all of fiscal 2012. All members of the Compensation Committee during fiscal 2012 were independent directors and none of them were our employees or former employees or had any relationship with us requiring disclosure under rules of the Securities Exchange Commission requiring disclosure of certain transactions with related persons. There are no Compensation Committee interlocks between us and other entities in which one of our executive officers served on the compensation committee (or equivalent body) or the board of directors of another entity whose executive officer(s) served on our Compensation Committee or Board of Directors.

EXECUTIVE COMPENSATION TABLES AND NARRATIVES

Fiscal Years 2010 2012 Summary Compensation Table

The following table presents information regarding compensation earned for fiscal years 2010, 2011 and 2012 by the individuals who served as our Chief Executive Officer or Chief Financial Officer during fiscal 2012 and our three other most highly compensated executive officers who were serving as executive officers at the end of fiscal 2012. In this Proxy Statement, we refer to these individuals as our named executive officers. Unless otherwise noted, the footnote disclosures apply to fiscal 2012 compensation. For an explanation of the amounts included in the table for fiscal years 2010 or 2011, please see the footnote disclosures in our Proxy Statement for the corresponding fiscal year.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)(3)(4)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(6)	Total ($)
John F. Coyne(1)	2012	1,000,000		6,304,158	3,102,450	6,772,500		41,770	17,220,878
Chief Executive Officer	2011	978,846			1,676,928	4,308,750		43,250	7,007,774
	2010	807,692			2,567,051	3,645,673		5,135	7,025,551
Wolfgang U. Nickl	2012	393,846		808,416	901,616	1,026,150		21,635	3,151,663
Executive Vice President and Chief Financial Officer	2011	340,746		237,597	305,600	559,331		19,587	1,462,861
Stephen D. Milligan(1)(2) President	2012	249,615		3,929,737	1,900,370	614,384		14	6,694,120
Timothy M. Leyden	2012	629,231		2,847,924	1,164,090	2,487,150		9,838	7,138,233
President, WD Subsidiary	2011	593,269		633,628	814,939	1,261,500		2,537	3,305,873
	2010	507,692		1,422,438	589,154	1,122,275		9,188	3,650,747
James J. Murphy	2012	425,000		1,172,424	1,281,752	1,604,482		6,250	4,489,908
Executive Vice President, WW Sales and Sales Operations	2011	421,635		448,816	577,244	698,891		3,273	2,149,859

(1) On September 10, 2012, we announced that Mr. Coyne has decided to retire from the company on January 2, 2013. Mr. Milligan will succeed Mr. Coyne as our President and Chief Executive Officer upon Mr. Coyne s retirement.

(2) The table above includes all compensation earned by Mr. Milligan from March 8, 2012, the date of our acquisition of HGST and the commencement of Mr. Milligan s employment with us, through the end of fiscal 2012. No compensation data is provided for any period prior to March 8, 2012 pursuant to applicable Securities and Exchange Commission rules.

(3) The amounts shown reflect the aggregate grant date fair value of stock and option awards granted in the applicable fiscal year computed in accordance with ASC 718 (formerly FAS 123(R)). These amounts were calculated based on the assumptions described in Note 8 in the Notes to Consolidated Financial Statements included in our Form 10-K for the applicable fiscal year, but exclude the impact of estimated forfeitures related to service-based vesting conditions. None of our named executive officers forfeited any stock or option awards during fiscal 2012.

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See Fiscal 2012 Grants of Plan-Based Awards Table below for information on awards made in fiscal 2012.

(4) Amounts shown for Messrs. Coyne, Milligan and Leyden include the grant date fair value for performance stock unit awards granted on May 16, 2012, as more fully described in the Grants of Plan-Based Awards Table below and the narrative that follows that table. Consistent with ASC 718, the grant date fair value was based on target performance and the closing price of our common stock on the grant date. The following amounts represent the grant date value assuming maximum performance under the awards: Mr. Coyne ($7,733,726), Mr. Milligan ($3,866,863) and Mr. Leyden ($3,866,863).

(5) The table below summarizes the non-equity incentive plan compensation earned by our named executive officers in fiscal 2012. These amounts and our Incentive Compensation Plan and long-term cash awards are more fully described in the Compensation Discussion and Analysis section above and in the Description of Compensation Arrangements for Named Executive Officers section below.

Name	ICP-1st Half FY12	ICP-2nd Half FY12	Long-Term Cash Award(s) Earned in FY12
John F. Coyne	$ 750,000	$ 1,462,500	$ 4,560,000
Wolfgang U. Nickl	$ 195,000	$ 292,500	$ 538,650
Stephen D. Milligan		$ 614,384	
Timothy M. Leyden	$ 300,000	$ 750,750	$ 1,436,400
James J. Murphy	$ 234,813	$ 352,219	$ 1,017,450

(6) The table below summarizes all other compensation to each of our named executive officers in fiscal 2012:

Name	Perquisites(a)	401(k) Company Matching Contributions	Payout of Accrued Vacation
John F. Coyne		$ 3,308	$ 38,462
Wolfgang U. Nickl		$ 6,250	$ 15,385
Stephen D. Milligan		$ 14	
Timothy M. Leyden		$ 9,838	
James J. Murphy		$ 6,250	

(a) In accordance with applicable Securities and Exchange Commission rules, no amount is shown because the aggregate amount of perquisites and other personal benefits paid to each such individual during fiscal 2012 was less than $10,000.

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Fiscal 2012 Grants of Plan-Based Awards Table

The following table presents information regarding all grants of plan-based awards made to our named executive officers during our fiscal year ended June 29, 2012.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
Name	**Award Type(1)**	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)(2)**	**All Other Option Awards: Number of Securities Underlying Options (#)(3)**	**Exercise or Base Price of Option Awards ($/Sh)**	**Grant Date Fair Value of Stock and Option Awards ($)(4)**
John F. Coyne												